The Journal of

SOCIAL AND POLITICAL STUDIES

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RALPH D. ELLIOTT

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OUR CONTRIBUTORS IN THIS ISSUE

Jeffrey G. Barlow – Senior Research Fellow, The Heritage Foundation, Washington, D.C., U.S.A.; **Lewis A. Tambs** – Professor of History, Arizona State University, Arizona, U.S.A.; **Michael C. Nwanze**, Associate Professor of Political Science, Howard University, Washington, D.C., U.S.A.; **Philip W. Jeffress** – Associate Professor of Economics, University of New Orleans, Louisiana, U.S.A.; **Ralph Scott** – Director of Educational Clinic, University of Northern Iowa, Iowa, U.S.A.; **Ralph D. Elliott** – Associate Professor of Economics, Clemson University, U.S.A.

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WESTERN EUROPE AND THE NATO ALLIANCE

By Jeffrey G. Barlow

The ongoing process of the second round of strategic arms limitation negotiations has been a story of interest in the United States for several months. Almost weekly, reports have been circulated in the press that a treaty was in the offing. In Western Europe, however, public discussions of SALT II have been so muted as to appear almost nonexistent. Although some would say that this situation is merely proof that there is little interest in Europe about the United States-Soviet talks, this is not true as far as Western Europe's leaders are concerned. These leaders have an intense interest in the substance of the SALT II agreements, in as much as they believe that the final agreements may seriously affect European security.

Why then haven't major European leaders such as Helmut Schmidt of West Germany, Valery Giscard d'Estaing of France, and James Callaghan of Great Britain been more outspoken on the issue of SALT II? The answer lies in the nature of the United States-European defense relationship. During the past thirty years that NATO has been in existence, the defense relationship between the U.S. and its European allies has suffered the shocks of a number of unilateral American policy changes. Over time, the European allies have become accustomed to accomodating themselves (if not without private and even public complaint) to the actions of their powerful, transatlantic partner. While the NATO Alliance is a partnership, the Europeans are aware that in practice some partners are more equal than others.

On the particular issue of the strategic arms limitation agreements, the major European leaders, who could be expected to speak out, understand the paramount importance of a new SALT treaty to the American President. They also understand the difficulties inherent in attempting to maintain productive relations with the United States while criticizing one of its major policy initiatives.

It is in large part for this reason that Americans were treated in early January of this year to the news that Western Europe's

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key leaders were publicly supporting the early ratification of the SALT II agreements. As Alexander MacLeod wrote at the time: "Mr. Callaghan declared at a news conference that it would be tragic if a SALT II treaty was not ratified. Mr. Schmidt undertook to urge early ratification at every opportunity. The French President . . . agreed on the need to move quickly to the conclusion of SALT II." (1) Nevertheless, to understand the European leaders real concerns about SALT II and to realize why those concerns were not more openly expressed, one must go back more than a year.

European Reservations about SALT II

European worries about the proposed SALT II agreements first became publicly known in this country in early December 1977, during the semi-annual NATO ministerial meeting. Major concerns at that time centered on the agreement's potential for excluding the transfer of U.S. cruise missile technology to the European allies. As a news story of the time put it:

> What worries the Europeans, according to defense officials here, is that the Soviet Union wants any new arms agreement to restrict the spread of cruise missiles and already appears to have persuaded the Carter Administration to limit deployment and testing of the weapon for the first three years of the projected eight-year treaty.
>
> The Europeans fear that these temporary restrictions may become permanent ones and result in their being prevented from buying cruise missiles from the United States or acquiring the American-developed technology involved in their construction. (2)

That December it took the combined efforts of American Secretary of Defense Harold Brown and Secretary of State Cyrus Vance to assuage European fears. On December 7, for example, Secretary Brown told the assembled ministers that the United States had made "no commitment not to transfer technology to its European allies." (3) A day later, Secretary Vance stressed that the United States was listening to its European allies and that any limits to be imposed on cruise missiles by the three-year protocol would be completely lifted when the protocol ran out. These assurances apparently had the intended effect of calming European fears. British Foreign Secretary David Owen told the ministerial meeting: "We have

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no criticism of the way the United States has consulted Europe on SALT." (4) NATO Secretary-General Joseph Luns remarked that "Mr. Vance has promised us ever fuller consultations on these matters as things proceed." (5)

Nevertheless, the optimistic American assurances of December 1977 could, at best, have had only a temporary settling effect of European fears, and, as the months of 1978 passed by, worries about the SALT II negotiations again reasserted themselves. In these months, as the shape of the strategic arms limitation agreements became better known, the central concern about the transfer of cruise missiles broadened to encompass several other issues. By mid-1978, four issues directly linked to the proposed SALT II agreements could be discerned: the possible ban on transfer of cruise missile technology, the proposed limitations on cruise missile ranges and deployments, the adequacy of the agreements' treatment of the question of "grey area" weapons systems, and the question of the verifiability of the SALT II accords.

The first issue had, of course, been the major concern for the Western European leaders in 1977. Writing in the fall of that year, Manfred Wörner, the Chairman of the Defense Committee in the West German Bundestag, had commented:

> If NATO wants to be in a position to repel (*and thus deter*) a large-scale Soviet conventional aggression, . . . it must also take the following measures:
>
> (1) Exploit optimally all technological possibilities that loom from beyond the classical spectrum of conventional weapons (e.g., . . . cruise missiles). (6)

Even as Wörner's words were being published, however, proposals were being negotiated at SALT that would severely curtail NATO's chances of acquiring cruise missiles. In December 1977, Secretary of State Vance hastened to assure the NATO ministers that the limitations imposed on cruise missiles by the proposed protocol would last only three years. He argued that after the expiration of the protocol the United States would be perfectly free to furnish cruise missiles or cruise missile technology to its European allies. This assurance, however, came into question in 1978. The Europeans wondered if the temporary limitations might not be extended. As Kurt Birrenbach noted: "In theory, an option on these weapons remains open to Americans and Europeans after three years

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– but this is a highly doubtful prospect." (7)

There are several reasons for this European lack of faith. First, the European leaders understand that short-term agreements often acquire a legitimacy which later hinders their cancellation, particularly in cases where negotiations are continuing, as in SALT. They know that the extension of short-term limitations of the protocol could well be used by the Soviets as a prerequisite for negotiating SALT III. In addition, the European leaders know that one of the provisions being negotiated at SALT II precludes the circumvention of the purposes of the agreements – a provision that if adopted could be interpreted by the Soviets so as to deny the transfer of cruise missile technology to third parties. (8) While the United States insists that such would not be the case, the Soviet Union sees the issue differently. The Soviet interpretation of the provision is reportedly that the transfer of cruise missiles or cruise missile technology in any form would circumvent the purposes of the agreements.

The second issue which concerns the European allies has to do with the nature of the limitations which the SALT II agreements could impose on the range and deployment of cruise missiles. (9) The Europeans do not understand why the United States agreed so readily to a maximum range of only 600 kilometers for ground- and sea-launched cruise missiles. After all, the Soviets have already deployed intermediate-range ballistic missiles in Europe (SS-20s) which can strike any European target west of the Urals. (10) They also worry that the Soviet insistence that air-launched cruise missiles with ranges greater than 600 kilometers could only be carried by "heavy bombers" would keep the European NATO members from deploying such missiles, since they have no "heavy bombers" as defined by the agreements.

The third issue of special concern to the Europeans involves the adequacy of SALT's treatment of "grey area" systems – those nuclear weapons delivery systems that lack intercontinental range but which exceed the range needed for use as strictly tactical nuclear weapons delivery systems (i.e., theater nuclear weapons delivery systems). Europeans fear that the proposed Statement of Principles might be too specific in discussing how "grey area" systems would be treated in SALT III. As Takashi Oka noted in *The Christian Science*

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Monitor: "This is because there is as yet no allied consensus on what to do about so-called 'grey area' systems. . . ." (11) This particularly concerns the British and the French because their nuclear forces fall into this category. In addition, the NATO partners worry that the hoped-for NATO medium-range ballistic missile, and even the extended-range PERSHING II, might be severely constrained or even eliminated by the "principles" set forth in SALT II for negotiating SALT III.

The Europeans are also bothered by what they consider the United States' casual treatment of the term "strategic." European leaders believe that by agreeing to the Soviet contention that "strategic" weapons systems consist of those systems capable of targeting each other's home territory, the U.S. ignores the reality that systems already deployed by the Soviet Union (the SS-20 missile and the BACKFIRE bomber) are quite capable of devastating European home territories and are thus just as strategic to Western Europe as the other systems are to the United States and the Soviet Union. As West German Chancellor Helmut Schmidt told an American reporter in October 1978: "Not only intercontinental strategic weapons, but also continental strategic weapons have a bearing on the security of Europe and Germany." (12)

The United States' ready acceptance of the powerful Soviet nuclear presence in Europe (after all, the Europeans noted that the U.S. did not attempt to trade off cruise missile limitations for some equivalent Soviet concession on the deployment of the SS-20) served to again bring up the question of the strength of the United States' strategic nuclear commitment to Europe. As *The Economist* editorialized in August 1978: "Some Europeans have always doubted whether the Americans would fight a nuclear war for Europe; and even the trusters are beginning to think that what might have been true when the United States had a commanding lead is not necessarily true now. Hence the Europeans worry about the growing grey-area problem." (13) It was, in part to still this European doubt about the decoupling of the United States' nuclear guarantee that the Carter Administration, in November 1978, began pushing for the development and deployment of a medium-range, land-based nuclear missile system for NATO.

The final issue of concern to the European leaders is the whole problem of the verifiability of the strategic arms limita-

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tion agreements. Many Western European leaders doubt that it will be possible to verify the limitations which the agreements or the separate written assurance on BACKFIRE impose on the number of MIRVed warheads actually placed on each MIRVed missile and on the deployment and war-fighting characteristics of the BACKFIRE bomber. (14) They echo the belief of some American critics of SALT II that certain aspects of the SALT II agreement would require on-site inspection for adequate verification – a condition which the Soviets have always rejected. As Paul Nitze noted on the problem of verification:

> In many instances unambiguous verification of the SALT II limitations will not be possible. For this reason the arms control community now uses the phrase "adequately verifiable." It is correct that "verifiability" is not an absolute requirement; it is a means toward the end of a good agreement. . . . The difficulty, however, rests in determining which provisions are "strategically significant" to us and what is meant by the word "adequate." (15)

It might be said that Western European leaders have their doubts about the way that the Carter Administration might choose to apply the "adequate verification" yardstick.

The European Silence on SALT II

One would think that the above reservations concerning the nature of the proposed SALT II agreements would be sufficient to cause the Western European leaders to voice open criticism of certain aspects of the agreements. Obviously, this has not happened. On the contrary, at Guadeloupe the leaders of Great Britain, France, and West Germany declared public support for President Carter's SALT II negotiating posture. There are a number of reasons for this evident disparity.

1) First, the influence of the domestic political situations in the respective European countries mitigates against public criticism of SALT II's effects. Domestic politics in Europe often narrow the operating latitude of a government with regard to a particular issue such as SALT. As a general rule, strong pro-defense stands are not popular with vocal segments of the populations of the Western European countries. One need only remember the public furor that arose in various European capitals almost a year ago over public discussion about the

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potential deployment of the "neutron bomb" in NATO. In Amsterdam, for example, over 50,000 people participated in an international demonstration against the bomb sponsored by The Netherlands "Stop the Neutron Bomb" group. (16) This same issue had caused the resignation of the Dutch defense minister.

In France and Italy there are large and vocal Communist parties to which the governments must pay attention. Speaking in general of these Western European Communist parties, Pierre Hassner noted: "All accept, more or less, the Western structures (NATO, the European Community) which the Soviet Union criticizes as aggressive; but in actual debates or negotiations on East-West relations in Europe (from the neutron bomb to East-West trade), they usually see the Soviet Union on the side of the angels." (17) In Norway and Denmark, on the other hand, the general public is opposed to the stationing of non-national NATO troops on national soil and is particularly opposed to the introduction of nuclear weapons there. But aside from what might be called anti-military sentiment, it is safe to say that in Western Europe as a whole, there is a general perception that arms limitation talks are a useful thing, both for limiting defense spending and for aiding detente.

In addition to the influence that public sentiment has upon the European governments, there is the influence that the internal political situation has upon each European leader. For example, in both West Germany and Great Britain the leaderships' legislative support is shaky. In September 1978, Helmut Schmidt was ruling an SPD/FDP coalition government with only a ten-vote majority. Even within his own party, the Chancellor has been forced to hold off the more leftist members, who desire much greater accommodation with the Soviet Union. (18) These leftist SPD members, led by Egon Bahr (formerly the Brandt government's orchestrator of *Ostpolitik* and currently SPD general secretary) and Herbert Wehner (a man of long-standing Communist sympathies who serves as chairman of the SPD faction in the Bundestag), now comprise almost half of the party's membership. The Chancellor's task of holding off these leftist forces will prove considerably more difficult now that Schmidt's strong supporter, Willy Brandt, has been incapacitated by heart trouble. In Great Britain, the situation would be complicated for James

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Callaghan even if he wanted to speak out on SALT II (which he does not) by the massive economic troubles which must necessarily occupy most of his time.

In Western Europe as a whole, the necessity of governing by coalition makes for continuing problems of leadership stability. Under the above-mentioned circumstances, it is not easy for European leaders to take public stands in favor of a stronger American negotiating stance at SALT.

2) European leaders also hesitate to openly discuss the SALT II agreements for fear that such discussions could have an influence on the NATO commitments of the United States. They believe that the Carter Administration might judge their comments on SALT II to be interference in internal American politics. American critics of SALT II believe that Defense Secretary Brown's emphasis on improving NATO's defense capability should be sufficient to reassure the Europeans that the United States has no intention of lessening its NATO commitments. They further argue that some questioning of President Carter by his allied leaders on SALT II matters would be entirely proper and would not be construed by the Carter Administration as interference. The European leaders continue to wonder.

West Germany is particularly careful not to antagonize the United States by making public criticisms of American initiatives in areas not directly linked to Germany's policies. Chancellor Schmidt, in a May 1978 interview, noted:

> We Europeans are concerned about the expansion of Soviet influence — political and military. . . . On the other hand, Germany is a medium, non-nuclear power the size of Oregon . . . in a very delicate and vulnerable situation. No German leader will ever forget this. . . . It would be unrealistic and improper for a German head of government to be indulging in those fields of world politics outside our area of responsibility, or even giving advice to the leading Western power [the United States]. (19)

The Germans are not the only ones reluctant to make public criticisms of the proposed SALT II agreements. British Foreign Secretary David Owen reminded all the NATO ministers in December 1977 that it was "important not to feed the [American] critics of the SALT process." Many European leaders worry that American pique at such interference could con-

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ceivably spur a general American desire for further separation or even disengagement from Europe. (20) As Pierre Hassner commented in *Daedalus*: "The Europeans are forever afraid that American-Soviet relations are either too close to collision or too close to collusion." (21) The fact that most Americans would find such fears excessive does nothing to lessen the fact that such fears are very real to some European leaders.

3) Many European leaders, believing that the SALT II agreements are a *fait accompli*, feel that any criticism will be futile anyway. Only the "minutiae" (to use David Owen's critical expression) can still be argued about, as far as the Europeans are concerned. How could we have any influence, they emphasize, on a negotiation which, except for the signing, has already been concluded.

4) The European leaders feel that for the sake of allied solidarity they must lend support to President Carter in this negotiation. The expressions of support at Guadeloupe from Callaghan d'Estaing, and Schmidt which so dismayed American critics of SALT came about, in large part, for this reason.

West German Chancellor Helmut Schmidt, who has had his problems in the past with President Carter, felt that he could not weaken the American leader's position at a time when many of the Carter Administration's foreign and domestic policies were in disarray. The West German leader's major concern was to keep from damaging Carter's international prestige any further than current events such as Iran have already damaged it. In the past, Schmidt has often criticized the President in off-the-record talks for his weakness of leadership. Privately, the Chancellor still believes that Jimmy Carter is performing his job poorly. This view of Carter's amateurishness is also shared by French officials. For example, one French official at Guadeloupe noted that his government was not worried that President Carter would intentionally jeopardize Western European interests. "It is the unintentional blunder that worries us," he said. (22)

The low-key support for SALT that French President Giscard d'Estaing expressed, revealed more a current French interest in general arms limitation talks than a heartfelt support of Carter's SALT II negotiating position. While Giscard did not make any specific comments in favor of Carter's SALT II agreements, he at least avoided criticizing the idea of arms limitation

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negotiations as DeGaulle or Pompidou would have done. This marks a major change from the Gaullist position which has held sway in France for almost twenty years. At the same time, the new French position does not seem to indicate that France would be pleased to enter into the discussions on "grey area" systems that will probably come up in SALT III, particularly since it has decided to continue upgrading its nuclear deterrent. (23)

5) Finally, Western European leaders basically favor the principle of arms limitation and see SALT as a vital component of detente with the Eastern European bloc. Although detente has recently been seen by both the United States and Western Europe as being less beneficial in changing Soviet policies than had been hoped, the context of European politics has made it harder for European leaders to adjust their policies in accordance with this new perception of detente. Thus, they continue to hope for the best in regard to the SALT agreements.

The Western European leaders would like to have a larger share of consultation with the United States when the SALT III negotiations take place. It should be remembered that consultation and participation are two distinctly different activities. The West Germans are particularly interested in participating in the SALT III discussion of "grey area" systems. They have nothing to lose by participating. The British and French, on the other hand, would, in all likelihood, have to see their nuclear forces placed "on the negotiating table" if they took part in these talks. Thus, they are less enthusiastic about participating.

In addition to increased consultation on SALT III, the Europeans would like to have the United States more closely ally SALT and MBFR (Mutual and Balanced Force Reductions). They see this as vitally important if the West is going to avoid the dangerous lack of coordination in bargaining positions that currently reigns. (24) Given the absence of a European role in the SALT II negotiations though, there is some considerable doubt that the United States will allow the Europeans either a major consultative role or the kind of close SALT/MBFR alliance that they desire.

One must expect that the public debate in this country on the usefulness of the SALT II agreements will go forward

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without the support of vocal segments in Western Europe. As of this writing, little has been heard from Europe about its concerns over the effect that SALT II will have on its security. One doubts that a great deal more will be heard in the coming months.

Here and there, if one looks closely, some European restiveness about SALT II can be detected. For example, recently in Great Britain, former Prime Minister Harold Macmillan expressed his serious doubts about the nature of the SALT II negotiations, during the course of a BBC national television broadcast. He remarked:

> It alarms me. I must be frank. I said we could have peaceful co-existence if we keep up our guard, and it's a duty not to ourselves, but to the Soviet imperialists, too, because they will only be able to hold back their extremists if we do keep up our guard – the West as a whole.
>
> But what, in fact, has happened? America is weaker. I tell you quite frankly I am alarmed about the SALT discussions which look like abandoning or endangering the safety of Europe. . . .

Of course, the former Prime Minister was speaking only in the capacity of a private citizen. The Callaghan government would not dare to be as forceful. The debate on strategic arms limitations held by the CDU/CSU faction in the West German Bundestag this March is a similar example. Parties out of power in the government always have more freedom to speak out than parties in power. They may criticize or question the politics of an allied nation without worrying that they would suffer for their candor.

So long as United States' military support continues to be vital to Western Europe's security, European governments will have to pay careful attention to actions which could somehow jeopardize that American support. Western Europe remains sensitive – some here would say oversensitive – to the nuances of Alliance diplomacy, and with good reason.

FOOTNOTES

(1) Alexander MacLeod, "Summit gives Carter backing for SALT II," *The Christian Science Monitor*, January 8, 1979, p. 1.

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(2) Paul Lewis, "NATO Allies Fear U.S. Concedes Too Much in Soviet Arms Talks," *The New York Times*, December 6, 1977, p. 2.

(3) Quoted in Michael K. Burns, "SALT won't bar cruise missile from NATO, U.S. assures allies," *The Baltimore Sun*, December 8, 1977, p. 4.

(4) Owen had gone on to say: "It is important not to feed the critics of the SALT process who are concerned with the minutiae of negotiations. Instead, we should champion the cause of arms limitation. A SALT agreement would be a major achievement and have the full support of Her Majesty's Government." Quoted in Bernard Gwertzman, "Vance Asks Backing in NATO on Arms Talk," *The New York Times*, December 9, 1977, p. 7.

(5) Quoted in "Vance reassures allies on Soviet arms deals," *The Philadelphia Inquirer*, December 10, 1977, p. 7C.

(6) Manfred Wörner, "NATO Defense and Tactical Nuclear Weapons," *Strategic Review*, Volume 5 (Fall 1977), p. 15.

(7) Kurt Birrenbach, "European Security: NATO, SALT and Equilibrium," *Orbis*, Volume 22 (Summer 1978), p. 302.

(8) Both sides have apparently agreed to a non-circumvention proposal. As Paul Nitze wrote in his January 1979 analysis of the SALT II agreements: "Both sides are agreed that there will be a commitment that neither side will take any action which would circumvent the purposes of the agreements. Such a provision would appear to ban the significant transfer to third countries of weapons limited by the agreements. The extent to which it would ban the transfer of components or technology associated with such weapons is not clear. The U.S.S.R. interpretation has been reported to be that the transfer of components, blueprints, and technology directly pertinent to such weapons is included in such a ban." Paul H. Nitze, "Current SALT II Negotiating Posture," Committee on the Present Danger, January 15, 1979, p. 4; see also "SALT: Basic Agreement Would Stop U.S.-NATO Data Flow," *Defense & Foreign Affairs Daily*, December 21, 1978, p. 1.

(9) In a collateral matter, the Europeans worry about how the agreements will influence the American development and deployment of the MX missile.

(10) See *Second German-American Roundtable on NATO: The Theater Nuclear Balance. Summary of a Transatlantic Dialogue* (Cambridge, Massachusetts: Institute for Foreign Policy Analysis, 1978), pp. 12-13.

(11) Takashi Oka, "Europe wants SALT pact – and missiles too," *The Christian Science Monitor*, October 23, 1978, p. 12.

(12) Quoted in Elizabeth Pond, Helmut Schmidt: Carter's new ally," *The Christian Science Monitor*, October 31, 1978, reprinted in *From Bonn: Statements and Speeches*, German Information Center, Volume 1 (November 7, 1978), p. 5.

(13) "Equalizer, please," *The Economist*, August 26, 1978, p. 11.

(14) As John Lehman noted in regard to the BACKFIRE: "The Soviets would be required to provide assurances that the Backfire would not be used as a strategic vehicle: Since the strategic capability inherent in the Backfire bomber is not seriously disputed, the limitations required

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of the Soviets would be limitations of intent. *It is impossible to verify limitations of intent.*" (Emphasis added.) John F. Lehman, "The Carter Comprehensive SALT Proposal: Verification and Gray Area Systems," in Paul H. Nitze, John F. Lehman, and Seymour Weiss, *The Carter Disarmament Proposals: Some Basic Questions and Cautions* (Coral Gables, Florida: Center for Advanced International Studies, University of Miami, 1977), p. 21.

(15) Paul H. Nitze, "Considerations Bearing on the Merits of an Agreement," Committee on the Present Danger, 15 January 1979, p. 10.

(16) For a sampling of European views on the neutron bomb at the time of the public discussion of deploying it, see "The Neutron Bomb Debate," *Atlas World Press Review*, May 1978, pp. 31-36.

(17) Pierre Hassner, "Western European Perceptions of the U.S.S.R.," *Daedalus*, Volume 108 (Winter 1979), p. 134.

(18) See, for example, "Drang nach Osten?" *The Economist*, August 19, 1978, pp. 33-34.

(19) Interview between Arnaud de Borchgrave and Helmust Schmidt: "Schmidt: After You," *Newsweek*, May 29, 1978, p. 46.

(20) Chancellor Schmidt remarked to an interviewer: "Members of our Parliament go over to Washington more and more to talk to the new generation in American politics who have neither emotional ties toward Europe nor specific experience in American-European cooperation. Thus the whole process of inter-allied decision-making becomes far more complex than in the past — in strategy, energy, trade and monetary policies. Horrendously complicated. Cooperation between democracies is becoming more and more difficult to manage." *Ibid.*

(21) Hassner, "Western European Perceptions," p. 123.

(22) Quoted in Terence Smith, "Carter at Summit Talks: A Gain in Stature," *The New York Times*, January 8, 1979, p. 3.

(23) For discussion of France's decision to proceed with its new nuclear weapons programs, see "France: Defense Minister Outlines Submarine Capabilities," *Defense & Foreign Affairs Daily*, November 22, 1978, p. 2; and "Missile Research: Nuclear France Goes Ahead," *To the Point International*, August 11, 1978, p. 21.

(24) See *Second German-American Roundtable on NATO*, pp. 13-14.

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THE CHANGING GEOPOLITICAL BALANCE OF SOUTH AMERICA

By Lewis A. Tambs

Presidents and politicians pass, but geographical imperatives and national aspirations remain. During the fourteen years since my "Geopolitical Factors in Latin America" was published by Praeger in 1965, this statement has once again proven correct. (1)

In that paper I postulated the presence of two great strategic centers in Latin America. Enlarging on the earlier effort of Mário Travassos of Brazil and Jaime Mendoza of Bolivia, I identified these as the Charcas Heartland, approximating the area of modern Bolivia, on the one hand, and the closed Caribbean sea on the other. I also claimed at that time that Argentine and Brazil were locked in a titanic, economic, demographic and diplomatic struggle for hegemony.

Reactions to the Charcas thesis were immediate. Upon publication in 1965 Rolf Hinder, editor of the *Zeitschrift für Geopolitik* announced the formulation of a new Heartland theory. Two years later Golbery do Gouto e Silva of Brazil wrote that Bolivia along with Paraguay and Brazilian Rondônia and Mato Grosso formed the linkage which bound the geopolitical sectors of South American together. In 1969, Raúl Botelho Gosálvez of Bolivia called his countrymen's attention to their strategic situation while others spoke of the continuing confrontation between Spanish and Portuguese America. (2) As predicted in the original presentation, the Communists, having gained control of Cuba – the key to the New World Mediterranean – subsequently sought to seize the axis of the Americas. Bolivia was to serve as the focus of their continental revolution. Concentrating at Camiri Ernesto, "Che" Guevara launched a campaign to conquer Charcas; but while his strategy seemed sound, his efforts nevertheless failed. Bolivian nationalism frustrated Guevara's guerrillas, and he paid the price of defeat in 1967. Since then, although geography influences policies and peoples, it has become clear that only men make history, and the scene in Latin America has changed dramatically.

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The year 1967 also marked the take off point for seven years of unprecedented economic and industrial growth in Brazil. Unlike many of their counterparts, the Brazilian military revolutionaries of 1964 had come to power with a plan. Guided by the Sorbonne Group of military intellectuals, and closely cooperating with civilian technocrats and diplomats who had attended the *Escola Superior da Guerra* (ESG), the armed forces propelled Brazil toward super-state status. Beginning in 1964, a series of military presidents – Humberto Castello Branco (1964-67), Artur da Costa e Silva (1967-69), Emilio Garrastazu Médici (1969-74), and Ernesto Geisel – convinced that Brazil was essentially Western and Christian and that international stability was basic to Brazilian development abandoned the independent Third World foreign policy of Presidents Jánio da Silva Quadros (1961) and João Goulart (1961-64) and openly aligned themselves with the United States.

But the ESG and the Itamarati looked beyond associate state status to world power. Targeting 2001 as the year of Brazil's emergence as a super-state, Planning and Finance Ministers Roberto de Oliveira Campos (1964-67), Antonio de Delfim Neto (1967-74), and Mario Enrique Simonsen prepared a program which would provide the basis for a modern industrial society. Rejecting redistributionism, and stabilizing the social situation, they initiated a program of forced capital formation by encouraging savings, promoting high profits, restraining wages, and stimulating foreign investment. Thus, the Brazilian military Positivists succeeded in accelerating industrialization, increasing the assimilation of technology, and expanding exports of both manufactured and agricultural products until Brazil "between 1968 and 1974 achieved one of the highest rates of economic growth recorded in the post World War II era." (3) Moreover, Transport Minister Mário David Andreazza (1964-1974), guided by geopolitical principles, continentalized and colonized the country by constructing an extensive network of roads and highways. All of this was accomplished without endangering the existing agricultural elite which was induced to expand while the industrial sector soared.

The United States, Western Europe, and Japan responded favorably to the Brazilian model. Loans, grants, investments, and technology poured into Portuguese America. Recognizing a Brazilian-American partnership, President Richard M. Nixon

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proclaimed, during the state visit of President Garrastazu Médici to Washington, D.C. In December 1971, that Brazil was the natural leader of Latin America. (4)

Secretary of State Henry Kissinger (1969-1977) apparently went even further. Kissinger, seemingly sought, through *détente*, to replace the Cold War confrontation by an industrial-technological-ideological contest. It was argued that the U.S.A. would assuredly win such a conflict in the multipolar world whch was emerging under the so-called atomic "balance of terror." Kissinger, accordingly singled out four nations for close cooperation with the United States which would serve as centers of stability in their respective areas: Japan in East Asia, Iran in the Middle East, the Federal Republic of Germany in Western Europe, and Brazil in South America.

Unfortunately the Soviets didn't follow the script. Rejecting the industrial-technological-ideological game plan, the U.S.S.R. — cleverly using *détente* as a cover, and employing its most effective weapons, agitation and subversion — continued its policy of penetration into the area of the North American economic empire.

In the immediate post World War II, era the United States had sought to restrain Soviet ambitions with the Containment Doctrine of George Kennan. Containment was, however, basically defensive. The initiative passed to the Soviets. Seeping through the encircling alliance system erected in the Eurasian rimland or Inner Cresent by the Containment Doctrine — essentially an updating of Sir Halford Mackinder's thesis of land power vs. sea power — the Russians began fueling wars of "national liberation" and sowing subversion in a variety of ways. Meanwhile, ignoring the desires of their consumers, the Communists concentrated the vast resources of the Eurasian pivot area on the production of nuclear weapons and the advancement of space technology. Within a decade they had achieved near parity. Atomic warfare became almost unthinkable to most people in the western world; the U.S. nuclear weapons ceased to be an effective deterrent, and the world returned once again to classical geopolitical concepts. The Soviets, especially Field Marshal V. P. Sokolovsky and Admiral Sergi G. Gorshkov, having studied and digested Sir Halford McKinder, General Karl Haushofer and Admiral Alfred Thayer Mahan, opted for imperial adventure.

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The holders of the Eurasian Heartland would challenge the Oceanic Peoples of the Inner and Insular Cresents of the McKinder-Kennan thesis. Construction of a high seas fleet and control of the globe's sea lands became a prime objective of Soviet policy. By 1959 the Russians had intruded into the world's fourteen major maritime choke points: Five inland seas – South China sea, Mediterranean, North Sea, Norwegian Sea, and Caribbean; two interoceanic canals – Suez and Panama, and seven critical passage points – Malacca Straits, Sri Lanka (Ceylon), Horn of Africa, Mozambique Channel, Cape of Good Hope, Gibraltar, and Straits of Magellean. (5)

Confronted by subversion, insurrection, and Soviet sea power in the Americas the United States made some response. Cuba was quarantined in 1962, and a series of Castroite strikes around the rim of the Caribbean were suppressed. A revolution in the Dominican Republic which threatened the vital petroleum route through the Mona Passage from Venezuela to the United States – Communist Cuba already monitored the Windward Passage – was restrained in 1965 by military intervention. A joint Inter-American Peace Force of U.S. Marines and a Brazilian contingent under the command of the distinguished geopolitician Carlos de Meira Mattos occupied the island. Brazilian participation was of capital import, because when President Castello Branco announced his nation's adhesion to the operation he expressed officially, for the first time, the concept of Brazilian ideological frontiers: a view which would have notable consequences in the future.

Elsewhere, Guevara's guerrillas in Bolivia were suffocated in 1967, and another leftest challenge to Charcas was terminated with the toppling of General Juan José Torres in 1971. By late 1972, the Tupamaros in Uruguay had been tamed, and the following year the menace to the Straits of Magallean was eased by the overthrow of FRAP and Salvador Allende in Chile. The situation developed differently, however, in Southeast Asia. There the dominoes began to totter. Viet Nam, Cambodia and Laos tumbled. In Europe, Portugal (targeted along with Spain and Morocco by the Soviets in their Plan Oran of 1974) trembled. Of more importance, Mozambique and Angola went under. The United States, torn by inner struggles, stood by helplessly.

Brazil which supported the United States in two World

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Wars, and since participated staunchly in the Cold War, began to question U.S. resolve. (6) Adverse economic conditions accelerated the rupture. Already weakened by the petroleum crisis of 1973 and the concurrent slackening of the impetus of its economy, Brazil, dependent upon imported petroleum and with its Sea Lines of Oil Communication (SLOC) from the Middle East carried in super-tankers around the Cape of Good Hope now potentially endangered by unfriendly forces in Mozambique and Angola, faced disaster. Moreover, Brazil's burgeoning seaborne trade with Japan, already menaced by U.S. determination to turn over the Panama Canal to the Casotrite Chief-of-State Omar Torrijos, was further endangered by the U.S.-Peking *rapprochement* and the balance of power in the East China Sea destabilized with the impending withdrawal of U.S. forces from South Korea. Brazil, extremely sensitive to any threat to its overseas commerce because it must export or die, began to turn away from dependence on the U.S.

Other blows followed. At the Manila meeting of the International Monetary Fund in October 1976, David Rockefeller of Chase Manhattan Bank, one of Brazil's biggest creditors, criticized Brazilian Finance Minister Simonsen's monetary policies and "recommended a sharp reduction in Brazil's ambitious development programs." (7) Then both Presidents Gerald Ford and Jimmy Carter sought to block the West German-Brazilian Nuclear Agreement of 1975, which would provide Brazil with eight atomic power plants to supplement expensive imported petroleum and existing and projected hydroelectric facilities. Though the Federal Republic of Germany refused to yield, West German and Brazilian confidence in North American leadership further deteriorated. Fears that the United States and the Soviet Union were secretly seeking to retain nuclear hegemony increased.

The end of the Brazilian-American Alliance, already weakened by the energy crisis and the resulting balance of payment problems, and compounded by the loss of Southeast Asia, Guinea, Mozambique and Angola in 1975, came in March 1977. (8) The Brazilian Government, objecting to what it regarded as interference in internal politics, rejected $50,000,000 in U.S. military aid because this was to be accompanied by regular reports on the status of "human rights"

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in Brazil, and unilateraly canceled the 1952 mutual defense agreement. Thus, Brazil — while it still welcomes North American capital and technology — no longer looks to the United for leadership in world affairs, and instead aligned itself with Japan and the Federal Republic of Germany.

Brazil's declaration of independence from the United States was also marked by accelerated economic and diplomatic offensives in Africa, the Antarctic and South America. Aware of the danger to its Sea Lines of Oil Communication around the Cape of Good Hope, and seeking to retain something of a Luso-Brazilian presence, Geisel recognized the Socialist regimes in Portuguese-speaking Mozambique and Angola, and with Japanese aid, accelerated the expansion of its fleet. The plan called for an Iranian naval projection southward along the East African coast to the Cape of Good Hope, while the Brazilians, potentially joined by Uruguay and Argentina in a South Atlantic Treaty Organization (SATO), would cover the West African coast from the Cape of Good Hope northward, past Guinea (where the Soviets already have a naval facility) to Dakar. Consolidation of SATO was delayed by Brazilian resistence to the inclusion of the Republic of South Africa, which the Uruguayans and Argentines favor. (9) Since then, this plan has been disrupted by the overthrow of the Shah of Iran.

Brazil's oil Sea Lines of Oil Communication and its Far Eastern trade have also prompted rising interest in the Antarctic. In 1975, Brazil adhered to the Antarctic Treaty which temporarily internationalized the "White Continent" and dedicated it to pacific and scientific purposes, but subsequently suspecting that the Antarctic Treaty was yet another effort by the U.S. and U.S.S.R. to monopolize the globe, the Brazilians became interested in Therezinha de Castro's defrontation or sector thesis which would give Brazil a territorial claim to the Antarctic. The Antarctic, not only controls the route to the Indian Ocean and the Middle East, but also controls one of the key sea lanes to the Pacific. (10) It is therefore not surprising that Brazil has since began to train polar exploration teams in the United Kingdom.

The Brazilians believe that, since some 70 percent of the world's population and approximately 70 percent of the globe's unexploited natural resources lie along the rim of the Pacific

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basin and the Indian Ocean, the Pacific is the ocean of the future. At present about 8 percent of Brazil's foreign commerce is with Japan, and this percentage is increasing. If the Panama Canal falls into hands hostile to Brazil there are only two other sea routes to the Pacific. The route by the Cape of Good Hope (Rio de Janeiro – Cape Town – Yokahama, 13,383 miles) is monitored by the Soviets; but the second, around Cape Horn, is somewhat "precarious." (11) Given the hazards of the Cape of Good Hope and Cape Horn, and the current international status of the Antarctic, Brazil may be interested in areas to a port on the Pacific – and the route through Charcas is the most direct way across the continent.

Brazil's dream of super-power status envisions the establishment of a trans-continental confederation: not through conquest but by means of economic and political hegemony in South America. If Brazil patterns its program on the past performance of the United States and Soviet Russia, both of which pushed from the Atlantic to the Pacific, it will definitely seek a trans-continental passage. The most feasible is a railroad route from Santos to Arica by way of Bolivia and Chile. Ever since 1919, the Itamaratí has supported Bolivian claims to a Pacific port. At his inauguration in 1974, President Geisel offered to mediate on this matter between two of his guests – Presidents Hago Banzer of Bolivia and Augusto Pinochet of Chile. A few months later, in June, 1974 Geisel and Banzer signed the Convention of Cochabamba which called for feasibility studies on the construction of a rail line from Santa Cruz de la Sierra to Cochabamba – the only gap in the Santos-Arica railroad. Bolivia and Chile also reached an accord, but a Peruvian counter-plan disrupted negotiations and the agreement was aborted early in 1976. By the end of the year, however, Peru, which since 1968 had contested Brazilian leadership, began to drift into the Brazilian orbit.

In October 1976, Presidents Francisco Morales Bermudez of Peru and Geisel of Brazil met on the upper Solimões to sign a commercial agreement providing for Brazilian importation of petroleum and copper in exchange for manufactured goods. Peru along with Bolivia, Ecuador and Columbia, has also adhered to the Amazon Pact which provides for joint development of the basin. These Pacific Coast Republics – all members of the Andrean Group – were pulled into the Amazon Pact by

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Brazil's spectacular economic and industrial progress and by the desire to improve their technology.

Technology can alter geopolitical relationships. Just as long range aircraft, nuclear weapons, and intercontinental ballistic missiles temporarily negated the art of geopolitics in the immediate post-World War II era, so the construction of the Panama Canal, of the Trans-Amazon Highway, and the Northern Rim Road radically altered the geopolitical balance in the Amazon Basin. While the Panama Canal provided the Pacific states of Spanish South America with a direct water route to the Atlantic and to their heretofore inaccessible lands east of the Andes, this route was jeopardized in 1974 by the Kissinger-Tack Agreements and the subsequent Carter-Torrijos Treaties of 1977 and 1978, in which the U.S. promised to turn operation of the Panama Canal over to General Omar Torrijos. Peru and Ecuador, with 41 and 51 percent of their seaborne trade transiting the Canal would be heavily affected by toll increases or especially by closure. In view of this, the Spanish-speaking Pacific Coast Republics have begun to look to the Amazon as an Atlantic outlet, and to the new Trans-Amazon Highway. This turn towards Brazil has further fractured the Andean Group, and draws the nations bordering the Amazon Basin into the Brazilian orbit. At first Venezuela held out, but in November 1977 President Carlos Andrés Pérez not only adhered to the Amazon Pact, but also announced his support of Brazilian nuclear development.

President Andrés Peréz's startling initiative signaled the end of three long-standing arrangements: 1) the special relationship betwen Venezuela and the U.S.; 2) the attempt by the Andean Pact countries to establish an anti-Brazilian economic alliance; 3) the establishment of an Argentine-Venezuelan axis. Geopolitically the move marks the commencement of the continentalization of Venezuela. Previously, Venezuela had been heavily integrated into the U.S. dominated Caribbean concert; now, as it seeks cooperation with Brazil, it slides toward the South American system.

Venezuelan disengagement from the U.S. began with the founding of the Organization of Petroleum Producing Countries (OPEC) in 1960; and was accentuated the following year by the abortive invasion of Cuba at Playa Girón. Venezuelan nationalism reinforced by petro-dollars accelerated the separa-

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tion. The formation of the Latin American Economic System (SEIA) in 1974-75, diplomatic recognition of Cuba in 1975, and the nationalization of U.S. iron ore and oil companies in 1974 and 1975, completed the collapse of the Caracas-Washington connection.

Many of these moves away from Washington and toward the Third World commence during the presidency of Rafael Caldera (1969-1974). In February 1973, Caldera visited six Spanish South American capitals in an effort to establish an anti-Brazilian front and the next year led Venezuela into the Andean Group. Caldera's concert of Spanish-speaking nations was promoted, in part, by the economic rise of Brazil, the construction of the Trans-Amazon Highway, the projected Northern Rim Road, the installation of airfields and military facilities in Roraima, the upsurge of population in the territorial capital of Boa Vista, and the subsequent penetration toward the Venezuelan frontier. The meeting between Presidents Caldera and Geisel at the border town of Santa Elena de Uairen in 1973 did little to ease tensions. Even the joint decision to pave the Manaús-Boa Vista-Santa Elena-El Tigre-Caracas Highway upon completion merely exacerbated Venezuelan fears. (12)

Venezuela's vision of seizing Spanish-American leadership was, however, fore doomed to failure. The geopolitical factors of space, place, population and policy were lacking. Moreover, the inherent contradictions of the Andean Group precluded any long term cooperation between the member nations. The Buenos Aires-Caracas connection proved chimerical. Juan Domingo Perón, who had contemplated an anti-Brazilian alliance with Venezuela during his first presidency (1946-55), died within a year following his return to Buenos Aires in 1973, and Caldera's coalition collapsed. The subsequent military government of Jorge Videla (1976-) sought to draw Venezuela and Peru into an anti-Brazilian alliance but by 1976 it was too late. Venezuela found itself surrounded on the west, north and east by increasingly pro-Castorite republics — Panama, Jamaica and Guayana, and connected to Brazil by rising economic interchange and the Manaús-Caracas highway. Confronted with choosing between the declining Anglo-Americans and the Castroite Caribbean or the ever more powerful and increasingly independent Portuguese Americans, Andrés

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Pérez chose the latter. With Venezuelan adherence to the Amazon Pact, Brazil could safely pause in its initiatives in the Amazon Basin. Time was on its side.

Brazil possesses five powerful weapons its rivalry with Argentine for supremacy in the Río de la Plata Basin — ideological affinity, economic penetration, technological innovation, demographic superiority and hydro-electric diplomacy. President Castello Branco's proclamation of Brazilian philosophical frontiers in 1965 combined with leftist activity in Bolivia, Paraguay, and Uruguay, aided Brazil in gaining entree into these three states which were formerly associated with Argentina. This ideological advance was accompanied by economic expansion which corresponded with an era of confusion and contraction in Argentina (1971-1976). As Argentina turned inward, Brazil rushed into the power vacuum in the Río de la Plata Basin and signed a series of agreements with Bolivia (Cochabamba, 1974, Brasilia, 1977), Paraguay (Asunción, 1971, 1973, 1975), and Uruguay (Rivera, 1975) which brought these former *porteño* protectorates into political and economic partnership. Economic integration was further accentuated after 1974 with the introduction of a technological innovation — export corridors.

Buenos Aires had always believed in geography as destiny. Its position of the port on the mouth of the Paraguay-Paraná River complex seemed to assure that Argentina should persist as the leader of the Río de la Plata. Buenos Aires' position as the focal point of the railroad system, not only of Argentina, but also of Paraguay and Bolivia, appeared to guarantee continued *porteño* control. But the delta advanced, the day of container vessels and super-ships dawned, and in spite of extensive dredging Buenos Aires was bypassed by three Brazilian export corridors. These three funnels, which were suggested by Mário Travassos as early as 1930, flow eastward from the Río de la Plata basin to deep water on the Atlantic. Route one moves from the Argentina mesopotania, through Uruguay and Rio Grande do Sul to the harbor of Rio Grande. The second corridor connects the Chaco, Paraguay, Missiones, Santa Catarina and Paraná with the port of Paranaguá. The third export axis advances from Bolivia eastward by way of Corumbá, Campo Grande and São Paulo to the Atlantic outlet of Santos. Thus, shallow, silted Buenos Aires became a back water, and

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geography was mastered by modern technology. Bolivia, Paraguay and Uruguay were pulled into the Brazilian orbit, and the Luso-Brazilians realized their age old dream of winning a natural frontier on the Rio de la Plata. (13)

Demographic superiority has accentuated the ideological, economical and technological advance of Brazil. Almost two thirds of Brazil's population of 110,000,000 lives in the South (Rio Grande do Sul, Santa Catarina and Paraná), Southeast (São Paulo, Rio de Janeiro, Minas Gerais, and Espirito Santo) and Central-West (Campo Grande, Goiás and Mato Grosso). Given an annual average cumulative growth rate (1960-75) of 2.8 percent, it is estimated that Brazil's population will surpass 200,000,000 by the year 2000. At least half of these people will be concentrated in the South, Southeast and Center-West along the frontiers of Uruguay, Argentina, Paraguay and Bolivia. None of these nations have a comparable demographic base or the growth rate (Uruguay's population is 2,700,000, and its growth rate is 0.7 percent; Argentina, 25,000,000, and 1.5 percent; Paraguay, 2,600,000, and 2.9 percent; Bolivia, 5,600,000, and 2.6 percent) to match the Brazilian colossus. (14) In the case of Uruguay, Argentina and Bolivia over half of the entire population is concentrated far from the frontiers, around the national capital and major port (Uruguay and Argentina) or (in the case of Bolivia) in the Andes. (15) Superior Brazilian procreation gives them demographic preponderance. It appears certain that Brazilians will follow their traditional method of indirect expansion — infiltration, settlement and integration.

Only in the case of energy resources does Argentina have an advantage over Brazil. Ever since 1973, Brazil has tried desperately to turn to alternate sources — hydroelectric and atomic power. Seeking to maximize the potential of the Upper Paraná the Brazilains constructed a series of dams which culminated in an agreement with Paraguay for a joint project at Itaipú. Argentina, which had it own plans for development of the river at Paraná Medio, Yaciretá and Corpus, protested, but the Brazilian economic miracle and the aggressive attitude of Foreign Minister Antonio Azeredo Silveira toward Argentine complaints about Itaipú compromising Corpus, and his energetic efforts to push Paraguay into changing its electrical frequency from 50 cycles per second to 60 in order to integrate

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its grid with the Brazilian system and to standardize the generators at Itaipú appeared to carry all before him. Not until the Argentina Navy took charge of foreign policy did a concerted effort begin to redress the balance of power in the Río de la Plata basin.

The Argentina Navy has a strategic doctrine. This policy was formulated by Admiral Segundo R. Storni in 1916 and has dominated Argentine naval thought ever since. Basing his analysis on Mahan, Friedrich Ratzel, Camille Vallaux and Herman Beythien, Storni stressed that since Argentina is dependent on imports and exports it must keep its Sea Lines of Communication (SLOC) open to Europe, North America and Asia. Hence, relations with Argentina's neighbors could be seen as follows:

Brazil: Peace and parallel policies between Portuguese-speaking Brazil and its Spanish-speaking neighbors.

1) Brazil sits astride Argentina's SLOC with Europe and the east coast of North America for over 2,000 miles from the Rio Grande do Sul to the Island of Fernando Noronha.
2) Brazil and Argentina share the same Paraná-Paraguay River complex – which Storni saw as merely an extension of the Atlantic.

Uruguay: Associated state status; at worst neutral, and never hostile.

1) Spanish-speaking Uruguay shares the Río de la Plata estuary and could cut Argentina's SLOC with ease. The Indio channel is particularly vulnerable.
2) Uruguay is immediate to Buenos Aires, the capital and major port.

Chile: Amity and possible eventual confederation.

1) Spanish-speaking Chile shares control of the Straits of Magallen, the passage to the Pacific. A possible but not desirable cause for dispute.
2) Chile monitors Argentina's SLOC to East Asia and the west coast of South and North America.
3) Argentine's interest in the Pacific will increase and it is easier and more economical to use railroads through the trans-Andean passes to Chilean ports than it is to round Cape Horn by ship.

Peru: Friendly relations.

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Like Chile, Spanish-speaking Perus lies astride Argentina's communications with Pacific North America.

Falkland Islands: Incorporation of this purely British-populated group of islands into the Argentine Republic:

1) Because the location of the Falklands threatens not only the Argentine Coast, but also dominates the Straits of Magallan and Cape Horn.
2) Storni, writing in 1916, foresaw that the commercial and strategic value of the Falklands would decline with the opening of the Panama Canal (1914). However, since future control of the Panama Canal is questionable, as of 1979, the strategic value of these islands is now closer to their pre-1914 status. (16)

Storni also laid down certain guidelines for the internal development of Argentina which would enable Argentina to defend its national interests and realize its full potential:

Naval Bases:

Major base at San Clemente de Tuyú, which lies just south of the northernmost point of Cape San Antonio.

Secondary base at Deseado in Patagonia.

Facilities at Bahía Blanca, Port Madryn on Gulfo Nuevo, Río Gallegos and Thetis on the Eastern tip of Cape Horn.

Industry: Development of shipbuilding and repair services, expansion of the merchant marine and modern fishing fleet.

Infrastructure: A railroad running from Buenos Aires parallel to the Andes through the entire length of Patagonia. (17)

In Storni's geopolitical visions one can discern the shadow of SATO, the possibility of accomodation with Brazil, and of a possible Spanish speaking confederation in the Southern Cone, which would counterbalance Portuguese-American preponderance in South America's center.

Inspired by Storni, Senior Argentinian naval commanders seized the diplomatic initiative. Naval Chief Emilio Massera, and Foreign Ministers César Guzzeti and Oscar Montes, aware that there were only three choices open to Argentina regarding Brazil — submission, accomodation or confrontation — simultaneously sought both SATO and stability. Seeking to

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defuse the Itaipú question they opened direct contacts during June and July, 1977 with their Brazilian counterparts, Admirals Geraldo Azevedo Henning, Gualter Magalhães and Air Force General Delio Jardim de Mattos. (18)

The Argentine Admirals could almost be certain of a favorable reception. The Brazilian military, despairing over the decline in United States determination to confront the Communist challenge and fearful that the new Carter Administration would not only try to disrupt the Brazilian-West German Nuclear Accord, but also foment internal discontent by supporting the opposition under the guise of human rights, had signaled their willingness to negotiate with Argentina late in 1976. The formal breakdown of the Brazilian-United States alliance in March 1977 further convinced many Brazilian officers that an accomodation with Argentina was desirable. Argentina's twenty-year lead in the development of nuclear power, and the determined, but vain efforts of President Jimmy Carter to void the Brazilian-German atomic agreement, undoubtedly played a role in the Brazilian military's desire to avoid conflict with Argentina. (19)

Admiral Massera followed up initiative of mid-1977 with a visit in August to Paraguayan President Alfredo Stroessner. Here, in Asuncion, Argentine efforts to keep the options open very ably aided by Ambassador Norberto Sergio Novoa. (20)

The question of electric frequency developed into a significant political issue, for Paraguay is destined to become the energy capital of the continent – the Kuwait of South America. Paraguay has three joint hydro-electric projects on the drawing board. Its project with Brazil at Itaipú will generate around 12,000,000 kilowats. The two with Argentina (Corpus and Yaciretá) will produce about 3,200,000 and 3,500,000 kilowats each. Hence, one half of a total of 18,500,000 kilowats will be at the disposal of Paraguay which, since it has little industry, will have around 9,000,000 kilowats available for export. Brazil has standardized its electrical frequency at 60 cycles. Argentina, Uruguay, Chile, the urban areas of Bolivia, and part of Peru, utilize the 50 cycle system. Pressure from both Buenos Aires and Brasília on Asunción mounted during September and October. Then in November 1977, Asunción announced it would retain the 50 cycle system. Stroessner's decision, was momentaneous. (21)

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Application of the Storni Doctrine had succeeded in temporarily stabilizing the balance of power in the Río de la Plata basin. The Argentine Navy then announced that it would commence construction of a deep water port at Punta Médanos at the southernmost point of Cape San Antonio, adjacent to Storni's proposed major naval station at San Clemente de Tuyú. This obvious effort to salvage Argentine natural geographic supremacy in the Río de la Plata, and counterbalance the three Brazilian export corridors, was followed by an agreement to aid Peru in the construction of a nuclear power plant. Concurrent with these projects, the Argentines continued conversations with the United Kingdom for acquisition of the Falkland Islands (against the wishes of the British descended, English-speaking residents of these islands) either by purchase of the shares of Falkland Islands Company or by direct annexation. These Storni inspired initiatives will probably be followed by a *détente* and *rapprochement* with Chile. Though inflamatory, the Beagle Channel controversy and conflicting claims in the Antarctic are not incurable questions, for the long range Argentine and Chilean interests converge rather than diverge. Nevertheless, even if all these efforts succeed – partnership with Paraguay, construction of Yaciretá, Corpus and Paraná Medio, the installation of a deep water port at Médanos, and rapprochement with Chile – Argentina will not outstrip Brazil.

Meanwhile, Brazil and Bolivia have drawn ever closer since 1964. During the leftist regime of General Juan José Torres (1970-71), Brazilian geopolitical sensitivity to the strategic location of Charcas flared. Applying the Castello Branco doctrine of ideological frontiers former Brazilian Ambassador Hugo Bethlem called for "protective occupation" of the Heartland. (22) Simultaneously separatism surfaced in the Bolivian Beni and Santa Cruz, and the breakup of Bolivia was perhaps only prevented by the ouster of Torres. Banzer, with Brazil's blessings, assumed the presidency in August 1971, and contacts between the two countries therefore increased. While the Socialist Salvador Allende still held sway in Chile, the Itamarati stoutly supported Bolivia's long-standing search for a *salida al mar*, and in April 1972 Presidents Garrastazu Médii and Banzer conversed at Corumbá about the iron ore of Mutún, exportation of gas from Santa Cruz and Atlantic and Pacific outlets. Although the costs of constructing a steel mill for smelting

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the iron of Mutun utilizing Bolivian gas, and completing the gap in the Santos-Arica railroad between Santa Cruz de la Sierra and Cochabamba, were beyond the Brazilian economic capabilities: President Banzer and Geisel signed the Convention of Cochabamba in June 1974. Further implementation of this instrument followed in August 1977 when the two presidents met in Brasília. Through these agreements on ore, gas, petroleum, steel mills, railroads and roads, as well as the continuing migration of squatters into the empty Bolivian *oriente*, Brazil has gained an advantage in the rivalry for the control of Charcas. This advantage which has been increased by implementation of the Amazon Pact, which in turn has been triggered, in part, by the impending collapse of U.S. power in the other major strategic area in Latin American – the Caribbean.

It is generally felt that the withdrawal of the United States from the Panama Canal foreshadows the abandonment of Guantanamo and the independence of Puerto Rico. Castroite Cuba, supported by the Soviets, and Brazil allied with Venezuela, are moving into the power vacuum of the Caribbean created by the contraction of the U.S. presence. Although Castro failed to subvert the rim of the Caribbean during the decade 1959-1969 he has been remarkably successful since then in winning Panama, Jamaica and Guyana to Socialism. Communist Cuba, acting as a Soviet surrogate, aspires to control the Caribbean. This challenge has called Brazil into the arena.

The Brazilian advance to the northern shores of South America is defensive. Brazilian geopoliticians originally considered the "New World Mediterranean" to be within the U.S. sphere of influence. This conception remained valid as long as the Brazilian-American alliance and U.S. world leadership lasted. With the U.S. withdrawal into "Fortress America," the proposition lost its validity. Consequently, Brazil extended the Manáus-Boa Vista section of the Trans-Amazon Highway and the Perimiter Rim Road northward to Georgetown in Guayana and Caracas in Venezuela, to help contain the challenge. This Communist threat in the Caribbean also cooled Venezuelan ardor for employing the Andean Pact as a rival to Brazilian power, and pulled Caracas toward the Amazon and association with Brazil.

Fourteen years after the original presentation of "Geo-

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political Factors in Latin America," both the closed sea of the Caribbean and the Charcas Heartland are still the centers of titanic strife. In 1964 "Soviet occupation of Cuba had shaken, but not yet broken, *yanquí* hegemony in the New World Mediterranean." (23) Now, in 1979 after a striking rise in Soviet sea power and Russian intrusion into the world's fourteen maritime choke points, Communist victory in Southeast Asia and a general withering of U.S. will and purpose, control of the Caribbean is being contended by a Soviet-Cuban combination and a Brazilian-Venezuelan coalition as well as by independent nations like Nicaragua which controls the only other feasible route for a trans-Isthmian canal through central America besides Panama. Moreover, as foreseen in 1964, the "Communists having gained control of the key to the Caribbean (attempted to) concentrate their efforts on winning the key to South America – Bolivia." (24)

"Unbalanced, the continent sways with the struggle of vast potential superstates grappling for the pivot;" (25) but these oscillations are stabilizing. As the balance of power tilts toward Brazil, Argentina searches for accommodation. We are witnessing the end of the conditions created by the Treaties of Madrid and San Ildefonso of 1750 and 1777, which deeded the Amazon basin to Portugal and the Río de la Plata basin to Spain. Just as the eighteenth century British challenge to South American convinced the two crowns to cooperate, so the danger of Soviet Russia is stimulating the Portuguese and Spanish nations of South America into a closer pattern of economic, political and possibly even military cooperations.

FOOTNOTES

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NIGERIA 1979: PROBLEMS AND PROSPECTS OF CIVILIAN RULE

By Michael C. Nwanze

On October 1, 1975, the late Murtala Mohammed announced a five-stage program leading to the return of civilian rule in October, 1979. Since this announcement, Nigeria has moved with deliberate speed towards the accomplishment of this goal. The new constitution has been approved, local elections held, and the ban on political activities lifted. The stage is set for elections to the state legislatures and the federal legislature in 1979. Considering the progress made since 1975, no one seriously doubts the commitment of the military to return to the barracks in 1979. What then distinguishes this exercise from previous exercises which failed to return the country to civilian rule? In short, what are the chances of a return to civilian rule in 1979 and what are the problems and prospects of civilians remaining in power thereafter?

Previous Target Dates

The Ironsi regime in the Constitution (*Suspension and Modification Decree*) No. 5 of 1966 had stated that the military will remain in power until January 17, 1969, but this period may be reduced if its (the military government's) aims have been accomplished. (1)

The demise of the Ironsi regime brought Lt. Col. Yakubu Gowon to the head of the national military government. On August 8, 1966, he announced a three stage plan for a return to civil government – a return to the former federal structure, a continuation of constitutional review and ratification of the new constitution by referendum. He made no commitments regarding the date of handing over power to the civilians. "It is not possible for me at this stage to lay down a firm time table for the handing over of the reigns of government to the people as this will depend upon innumerable factors which have not yet been worked out in detail." (2)

At the end of a three day meeting of the Supreme Military Council in Lagos on April 22, 1967, a communique was issued setting out a "programme of action" among which was the

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"formal hand-over to civilian governments" by "early 1969." (3) Details of the programme for the return of civilian rule such as a review of revenue allocation and the creation of states, review of the constitution, resumption of political party activities, elections to the federal and state legislatures, meeting of Parliaments and approval of the new governments. These were scheduled to be completed between April 1967 and early 1969.

However by December 12, 1967, General Gowon admitted in Kaduna that the military may stay in power beyond 1969. "It was not the wish of the government to change the decision to hand over to a civilian regime in 1969, but the present government would have to be sure that the situation in the country was such that power could be handed over without prejudice to the country as a whole. The present action against the rebels was not anticipated when the Supreme Military Council spoke of 1969 as the year in which the country would return to civil rule." (4)

The exigencies of the Nigerian civil war made withdrawal by 1969 impractical. On October 1, 1970, the tenth anniversary of Nigerian independence, General Gowon announced a 'Nine-Point Programme' setting out the major tasks to be accomplished before a return to civilian rule in 1976. These were:

i. the reorganization of the Armed Forces;
ii. the implementation of the National Development Plan and the repair of the damage and neglect of the war;
iii. the eradication of corruption in our national life;
iv. the settlement of the question of the creation of more states;
v. the preparation and adoption of a new constitution;
vi. the introduction of a new Revenue Allocation formula;
vii. conducting a national population census;
viii. the organization of genuinely national political parties;
ix. the organization of elections and installation of popularly elected government in the states and in the centre.

There seemed to be general agreement not only within the Supreme Military Council, but also among the Nigerian populace that the army would not remain in power beyond 1976. The Federal Commissioner for Establishments and Service Matters, Major General Hassan Usman Katsina on his

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way to witness a return to civilian rule in Argentina reaffirmed the army's determination to return to the barracks. "We are determined to hand over power to civilians in 1976 as earlier promised in order to create a good history of military rule." (5)

Dr. Ishaya Audu, Vice Chancellor of Ahmadu Bello University, speaking at the Commanding Headquarters 3rd Infantry Division in Port Harcourt, observed that "the legitimacy of the present military rule is based largely on its integrity and honour. It has given its word of honour that it would hand over power. If it doesn't it would erode that legitimacy so seriously as to compromise its leadership in the country." (6) The same theme was reiterated by Alhaji Shettima Ali Monguro, Federal Commissioner for Mines and Power in Lagos on May 28, 1974. He regarded military rule as an inter-regnum and urged full civilian government by 1976. "I strongly believe that the military will, barring the unforeseeable, definitely honour their pledge to the nation to relinquish the reins of government by that (1976) date." (7) The Commissioner was opposed to any continuation of military presence in Nigerian government after 1976 either as a combined civilian cum military regime or other permutation thereof, because "any suggested prolongation of military intervention in government evinces a negative pessimism in the ability of our social system to throw up able, alternative leaders even from amongst our youth. A dangerous doctrine implicit in this assumption is that the military constitute in our circumstances the automatic, natural ruling class." (8)

The National Union of Nigerian Students on January 24, 1974, saw no need for pessimism "about the restoration of full political activity in Nigeria" and urged the military rulers to "hasten to hand over to civilians by 1976." (9) While many enthusiastically supported and urged civilian rule in 1976, some were more cautious. On March 17, 1974, at the Premier Hotel in Ibadan, the Mid-West state Governor, Brigadier Osaigbovo Ogbemudia, generally regarded as a "model administrator, a man of action, and representative of the better side of our military government," (10) condemned the politicians who "arrogate to themselves the leadership of the nation . . . as if the prerogative to engage in political activities belongs to them and them alone." (11) In terms of 1976 and thereafter, the Governor reminded his audience that "the military is now a

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critical factor to reckon with in the politics of developing countries." The Governor later explained that his speech did not contradict the Commander-in-Chief's promise to withdraw in 1976. He also denied reports that "there is any split in the ranks of the Supreme Military Council" on this issue. (12)

While the country revelled in the euphoria of a return to civilian rule in 1976 few noticed the emerging schism within the Supreme Military Council. The Gowon administration began to exhibit internal dissentions, indecision and lack of action. Besides, the fiasco of the 1973 census coupled with obvious signs of old party acrimonies did not auger well for a return to civilian rule in 1976. Thus, it was little surprise when Gowon declared 1976 as 'unrealistic'. While not altogether dismissing a return to civilian rule, he announced that "Our assessment of the situation as of now is that it will be utterly irresponsible to leave the nation in the lurch by a precipitate withdrawal which will certainly throw the nation back into confusion." (13)

The overthrow of General Gowon in a bloodless coup brought General Murtala Mohammed as the new head of state. He wasted no time in purging the army, the civil service, corporations and universities. It became obvious in the first few months of his administration that he was going to reverse the 'immobilisme' of the previous regime. In his Independence Day speech in October, 1975, he outlined a five-point program for the return of civilian rule in 1979. General Obasanjo, who took over following the assassination of Murtala Mohammed has continued to adhere to the same target date.

As already indicated, the difficult task of drafting and approving a constitution has already been accomplished. Local elections have also been held and the twelve year old ban on political party activities have been lifted. Nigeria waits anxiously for state and federal elections and return to civilian rule in 1979. What chances are there that these will come about in 1979?

The nature of the subject matters raises two preliminary problems for the analyst. First is the absence of a theoretical or conceptual framework for analyzing military disengagement from politics in Africa. The succession of military coups in the continent from the early sixties gave rise to a growing body

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of literature on the nature and theory of military intervention in African politics. Thus, while much is known about the conditions and circumstances giving rise to military takeover, knowledge about conditions and circumstances making for a successful transfer of power from the military to the civilians is very scanty. What is available are a few case studies of individual countries where military disengagement has been successfully implemented. This absence of theory or conceptual framework imposes a limit on the predictive value of knowledge gained from specific studies. This problem not withstanding, we wish first to formulate a few generalizations about military disengagement in Africa.

The second problem arising from the nature of the subject matter relates to the dirth of knowledge about public policy-making by the military once in power. Very little is known about what goes into the making of public policy, the sensitive issues, the criteria for decision-making, the behind the scene interplay of forces that shape public policy. This has given rise in some quarters to speculations about military praetorianism in politics. These problems not withstanding, an attempt will be made to develop an analytical framework within which military disengagement may be examined.

Conditions for Withdrawal

It is much easier for the military to take over power than to relinquish it. The power, prestige and rewards of political office may induce a reluctance to leave office thus prolonging military rule until it is overthrown by a counter coup.

Two patterns of disengagement have characterized military withdrawal from politics in Africa – voluntary withdrawal, and withdrawal by force i. e., by counter coup designed to transfer power to the civilians. Claude Welch put it very succinctly "the army will withdraw when and if it wishes, unless it is directly overthrown. Without willingness to return to the barracks, officers may remain in control for an indefinite future, or at least until supplanted by the next junta. (14)

The desire of the army to withdraw is of significant importance, but this must also be accompanied by a desire among the populace to return to civilian rule. However, these two-fold desires, no matter how well intentioned, do not bring

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about actual withdrawal. Military desire to withdraw and popular desire to return to civilian rule must be accompanied by situational factors which transform desire into actuality. First, is the understanding by the military regime that the successor civilian regime shall respect the professional and other corporate interests of the army. A civilian regime ignores this at its own peril since the army will invariably return to power if it considers its interests inadequately protected. Adducing reasons for the takeover of Busia's government, Colonel Acheampong charged that the first people Busia "put his eyes on" were the armed forces and the police. (15) Busia was accused among other things of dismissing army and police officers on the pretext of retirement, while placing his own men in key positions; of taking away the amenities enjoyed by the army and of interfering with discipline and professionalism in the armed forces.

Secondly, it is essential for peaceful disengagement that the army maintains or creates unity within itself. As Claude Welch put it, "the main obstacle to conscious civilianization – like the major barrier to voluntary withdrawal – lies in tensions and rivalries internal to the armed forces." (16) The task of maintaining internal unity becomes much more difficult when the army is in power. The rapid promotion of some junior officers may generate jealousies among others, the dispensing of portfolios may arouse cries of favouritism, ethnic divisions may come to the forefront as officers are put in, or removed from important decision-making positions. As these tensions increase, officers become divided among those who want to retain political control or acquire political control by counter coup, and those who want to maintain military professionalism and unity by early return to the barracks. Given this state of affairs the army will withdraw voluntarily only if the influential members of the officer corps want to maintain military professionalism by an early return to the barracks. Should this group desire otherwise, the result is a prolonged stay in office until overthrown by a counter coup.

Thirdly, it is important to create the necessary governmental and social machinery believed by the army either to restore good government or to redress particular wrongs. Some of the "popular reasons" for military intervention in tropical Africa include what the army perceives as inefficiency in government,

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bad economic policies giving rise to unemployment and spiral inflation, bribery and corruption, nepotism and abuse of office. While in office, the army seeks to right these wrongs and alas discovers that some of these ills, bribery and corruption, inflation, unemployment, ethnic nationalism and so on cannot be decreed out of existence. Usually substantial gains are made in administrative efficiency and sometimes in economic development. However, the nature of military rule is not conducive to political modernization and institution building — factors very essential to civilian rule. It is not without significance that one of the first acts of a military regime is the banning of political parties, the dissolution of legislatures and the suspension of the constitution. It is thus essential for voluntary withdrawal that the military regime *create conditions* for the revival or restoration of the necessary infrastructure for civilian rule.

Lastly, an important situational factor for voluntary withdrawal is the existence and persistence of a vocal public which constantly reminds the army and the populace of the necessity to return to civilian rule. This is sometimes a delicate matter. Military rule may suppress public opinion or the public may be fearful of repercussions for articulating its views. Where the press is relatively free, and debate on political issues is encouraged, an articulate citizenry, in the absence of political parties, serves as a barometer of public opinion as well as a constant reminder to the military that theirs is a caretaker administration.

From the foregoing, voluntary withdrawal is feasible if the army and the populace desire a return to civilian rule. This desire is enhanced by the following situational factors:

(1) The belief among the officer corps that the succeeding civilian regime will maintain and protect the corporate interest of the army;
(2) The maintenance of internal cohesion and professionalism in the armed forces particularly among the officer corps;
(3) The creation of basic infrastructure for civilian rule such as political parties, a constitution, legislatures etc.; and at least some attempts to correct what the army perceives to be social and economic ills;
(4) The existence and persistence of a vocal public to arti-

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culate popular demand for civilian rule.

In the absence of these factors, the military will stay in power indefinitely or until overthrown by a counter coup.

The Nigerian Case for 1979

Events in Nigeria evidence a strong desire and commitment on the part of the military and the populace to return to civilian rule in 1979. It is now necessary to examine the situational factors which can turn the desire and commitment into actuality.

Maintenance and Protection of Army's Corporate Interests

Since the lifting of the ban on political activities, no less than 22 political parties have emerged in Nigeria. According to the new constitution, a political party must register with the Electoral Commission, and the membership of its governing body must be drawn from at least 2/3 of the states in order to reflect the federal character of the country. So far only few parties have met these criteria. Equally stringent is the law governing candidates for the 1979 elections. It disqualifies "any person found guilty of corruption, unjust enrichment or abuse of office by any tribunal or inquiry instituted by the federal military government or by the Government of a State at any time not earlier than January 15, 1966. (17) To be elected President, a candidate must not only obtain the highest number of votes cast at the elections throughout the country, but must also obtain no less than one-power of all the votes cast in each of at least 2/3 of the 19 states. (18) In view of these provisions it is too soon to discern the pattern of coalitions that will emerge in 1979 or a presidential candidate able to muster the necessary electoral votes to capture the presidency. Whoever emerges as President must contend with the maintenance and protection of the corporate interests of the army. Two critical issues need concern us here — defense expenditure and demobilization.

Military expenditure has shown significant increases since 1966. While the civil war may account in part for the rises in 1967-70, defense expenditures continued to escalate after the war. This is due in part to rising costs of military hardware, salaries of personnel and construction of military installations. Given Nigeria's dwindling revenues from oil, it is doubtful if a civilian regime in peacetime can maintain the present level

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	Military Expenditures		Armed Forces
	Million Dollars		Thousands
Year	Current	Constant	
1968	448	724	85
1969	988	1518	110
1970	780	1140	200
1971	666	926	320
1972	862	1152	305
1973	945	1194	305
1974	887	1024	300
1975	1192	1255	270
1976	1173	1173	–
1977	1422	1348	–

Source: 1968-1977: World Military Expenditures and Arms Transfers, 1966-75. U.S. Arms Control and Disarmament Agency, Washington, D.C. 1979

of military expenditure and at the same time satisfy the demands of the electorate for social and economic development. Reduction of the military budget by a civilian government may be interpreted by the army as interfering with their corporate interests, in which case it may move to protect its interests. Similar problems arise in connection with the number of people in the armed forces. It is debatable whether Nigeria can support a large army in peacetime. A civilian move to demobilize may be seen as interference with military professionalism. In both cases it may be necessary for the army to deal with the unsavory tasks of reducing its own budget and the number of persons in arms before handing over power to the civilians. There are indications that the military recognizes these problems and is moving to remedy them.

Internal Cohesion in the Army

Available evidence so far seems to indicate that the army, especially the officer corps, is solidly behind General Obasanjo. The redeployment of nineteen state military governors to

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purely military duties went without a hitch. This exercise involved Brigadiers and Colonels. Army officers now serving in the central government have opted to retire in 1979. These include General Obasanjo, Major-General James Oluleye-Finance Commissioner, Major-General Mohammed Shuwa, Commissioner for Trade, and Brigadier Shehu Yar Adua, Chief of Staff Supreme Headquarters. The public statements of high ranking military officers support the Supreme Military Council's decision to return to the barracks in 1979. There has been no indication of the inner squabbling and dissentions which characterized the Gowan administration in the last few years of his office.

Infrastructure for Civilian Rule

Perhaps the greatest advance towards civilian rule has been made in this area, yet important issues remain unresolved. The new constitution establishes an executive presidential system. The President and Vice-President are elected on the same ticket and the President's powers, which are quite substantial, are clearly defined. Stringent rules govern the formation and activities of political parties which must reflect the federal character of the country. These provisions and many others are designed to check if not eliminate the cut-throat politics of earlier days.

A constitution, no matter how well designed, depends ultimately on the will and readiness of the people to operate it successfully. Strangely enough, there has been very little discussion in Nigeria on how the constitution is likely to work and how the calibre of leadership in the civilian regime may effect or influence constitutional provisions. Constitutions are organic. They are influenced by conventions, political practices and ethos of the country in question. One must therefore go beyond the outward constitutional and legal forms to investigate the inward political realities. For instance, the calibre of leadership at the executive and legislative levels will determine the interplay of forces between those two institutions given the clear definition of powers and functions contained in the constitution. The American experience illustrates the degrees of cooperation and conflict that characterize the relations between the President and Congress. In cases of disagreement between the two, political ingenuity, formal and informal relationships and leadership styles become exceedingly

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important in determining the final outcome.

The same qualities are important in dealing with key substantive issues which have plagued the Nigerian political scene. For instance, while Nigerians have accepted a federal solution, there is considerable controversy and disagreement about the number of states in the federation. The chief problem has always been how to devise a criteria for state creation that would promote Nigerian unity and peaceful interaction within and among the federating units. The major criteria often advocated have been the wishes of the people, ethnicism, language, geographical contiguity, administrative convenience, and economic viability. Prior to 1966, the most blatant contradiction in the organization of the federation was the division of the country into three and later four Regions in which one Region, the North, was larger in size and population than all the other combined. This imbalance, coupled with the ethnocentric and regional background of Nigerian political parties, and the distribution of parliamentary seats according to population, created an anomalous situation in which the North was able to bend the will of the federation and also dominate the seat of power at the centre. Since 1966, the federation has consisted of 12 and later 19 states. There is every reason to believe that the 19 states structure does not satisfy every segment of the country. The constitution provides strict and rigid rules for the creation of more states, so strict and rigid that it may be difficult if not impossible to create more states. The danger here, as some members of the Constitution Drafting Committee pointed out is that "when .. . . near impossible conditions for states creation and boundary adjustments are entrenched in the constitution, persistent state agitators or sections of whole communities are likely to be forced into feeling that the door is permanently closed and that only extra-constitutional means can grant them their wishes." (17) Agitation for the creation of the Calabar-Ogoja state continue despite admonitions by the military regime against such issues. The country remembers only too well earlier riots in Tiv territory on the issue of new states.

There is a strong tendency in Nigeria to consider the states issue principally imbalance created by the dominant position of the Northern Region, without laying equal stress on other operational factors such as the behaviour of political parties,

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interest groups, or the dynamics of federal decision-making. A multiplicity of states, while making it difficult for one state to dominate others does not necessarily eliminate the possibility of domination by a coalition of states. This fear was expressed by Mr. S. G. Ikoku "Since the dividing of an ethnic group into several states does not necessarily undermine the solidarity of that group in dealing with other ethnic groups, a proliferation of states cannot destroy the bargaining power of the ethnic group in terms of control of the central administration." (18) Indeed, the immediate response of the Eastern Nigerian government to Gowon's creation of 12 states was one of scepticism, "He purports to have created six states in the North, when in fact he has left the North intact by creating mere provinces still to be governed by Lt. Col. Hassan Usman Katsina as Chairman of the so-called Council of States. (19)

The merit of creating more states in Nigeria, lies, not only in avoiding domination of one state over another, but also in creating more foci of power independent of the federal government, thus encouraging grass roots political activity through greater participation of the people in decision-making; in diffusing the power and influence of the region so as to enhance the superiority and prestige of the federal centre, thus making it attractive for able politicians; and in making it mandatory for those seeking power to appeal to a larger number of states in their bid for power at the centre. In making such an appeal, extreme reliance on one's region, ethnic group or language becomes a handicap rather than an asset in trying to appeal to other regions, language or ethnic groups. National issues become more important and the development of national based political parties become more accentuated. The proliferation of states without the propensity to generate nationally based political parties as opposed to mere coalitions is an exercise in futility. It is therefore important that there be a fairly large number of states created on a *combination* of the following criteria – population, area, linguistic considerations, economic viability, administrative convenience, effective demand, geographical continguity with a good deal of attention to integrative potentials within and among states.

Equally important in the operation of the new Nigerian constitution is the issue of the allocation of revenue between the States and the Federal government. In his presidential

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address to the Nigerian Economic Council, Mr. Allison Ayida warned that "the next crisis is most likely to have its origin in basic economic issues and social conflict – the equitable allocation and proper management of the increased disposable resources of the federation . . ." (20) What strikes the student of Nigerian politics is that despite the explosive nature of federal finance, it is only recently that the issue has become politicized. Usually Nigerians had been content to leave the matter in the hands of expert commissioners. Since most, if not all states derive the bulk of their revenue from statutory allocations, (in some instances amounting to well over 70% of total state revenues) what is needed is an allocation scheme which, while retaining federal government superiority in revenue, allows the states considerable opportunity to meet their recurrent capital expenditures. This can be done by increasing the payments to the Distributable Pool Account. In disbursing this Account, the principle of Derivation should either be discarded completely or given only minor significance. The overriding criteria should be the basic need of every state government through fiscal operations, to plan and coordinate economic development in the country as a whole.

Another issue that needs to be resolved either before or soon after a transfer of power to the civilians is the census issue. The importance of the census cannot be overemphasized as it is a major factor in determining a host of public policy decisions such as representation of states at the centre and revenue allocation. The experience of the census 'war' of 1973 is still too fresh in the minds of many Nigerians.

Since the colonial period Nigeria has never had a census acceptable to all. The cancellation of the 1973 exercise was welcomed as a step in the right direction. In view of the number of years required for an accurate census, it is impossible for this to take place before 1979. This awesome task is left for a civilian administration. Its ability to carry out this task peacefully and accurately may constitute a critical test of its survival.

Popular Demand for Civilian Rule

Since the advent of military rule in Nigeria in 1966, Nigerians have persistently articulated their demand for a return to civilian rule. While most Nigerians appreciate the progress made under military regimes, the country has regarded these regimes as temporary, an aberation rather than the norm. The army

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itself have concurred in this regard and successive military rulers have made a return to civilian rule the corner-stone of their administration. Indeed, the downfall of Gown was due in part to his wavering on this pledge. The legitimacy of military administrations depend to a large extent on their commitment to return the reigns of government to the civilians. The progress made in this direction by the present military regime has accounted in most part for the support as well as high esteem which it has enjoyed among the civilian population.

Conclusion

From the foregoing, military disengagement in Nigeria is not an easy task and will require all the talents and energies the country can muster. Given the desire of the military to return to civilian rule, peaceful disengagement by 1979 depends strongly on the following:

1. The continued maintenance of internal unity within the army, particularly among the members of the Supreme Military Council and other ranking officers;
2. The ease, speed and thoroughness with which the country can work out requisite political structures and institutions by 1979.
3. The emergence of politicians, deemed by the military, to be able, not only to keep the country on an even keel but also capable of protecting the corporate interests of the army.
4. The continued popular demand for return to civilian rule.

While much progress has been made, explosive and complicated structural and substantive issues remain, and may become bones of contention among the military and civilian sections of the country. Issues like the military budgets and demobilization, creation of states, revenue allocation, the census and the pattern of political party alliances remain critical, not only to the transfer of power to the civilians, but also to the ability of the civilian regime to remain in power without being overthrown by a military junta.

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FOOTNOTES

(1) *Nigerian Morning Post*, May 25, 1966.
(2) Radio Nigeria, August 8, 1966. Quoted in Africa Research Bulletin, 1966, p. 590b.
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(7) *Daily Times*, May 31, 1974.
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(20) Mr. Allison Ayida, "The Nigerian Revolution – 1966-1967," quoted in *Nigerian Tribune*, May 8, 1974.

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THE POLITICAL ECONOMY OF UNITED STATES ENERGY POLICY

By Philip W. Jeffress

In the United States serious attention has been focused on the problems of energy resource utilization since the Arab oil embargo which began in the fall of 1973. This attention has stimulated a continuing debate about the requirements for a national energy policy, but the debate is far from being resolved. The very nature of the problem, its urgency and gravity, is controversial. On one hand, some observers believe that world reserves of exhaustible resources are dangerously low. They prescribe drastic conservation measures and costly conversion to alternative sources of energy as an answer to the problem. (1) Others, however, claim that there is no real shortage of energy resources. They suggest that evidence of recent shortages in energy products is more the result of public policy than a problem for public policy. (2) In addition, their more optimistic view of the future is reinforced by a strong belief in the potential for technological progress. (3) The purpose of this paper is to examine the political economy of energy policy in the United States. This descriptive analysis consists of four sections following this introduction. First, there is a brief overview of energy policy issues; second, there is a review of energy policy from 1930 to 1970; third, there is an examination of the major energy policy actions since 1970; and the final section includes implications for future energy policy actions.

The General Issues

The problem of energy resource utilization is compounded by interrelationships with other political, economic and social problems. These include the existence of an international oil cartel, the effects of continued increases in energy prices on consumers and on the economy as a whole, the unequal distribution of energy costs and the potential transfer of wealth from consumers to producers, and the problems of environmental pollution.

The long list of special interest groups which are affected by energy policy decisions is further evidence of the complexity

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of coping with the energy problem through a comprehensive national energy policy. Energy resources and energy products are used as intermediate goods in commercial transportation, industrial manufacturing, electricity generation, agricultural production and petrochemical production. Also, energy is used as a final product in many different forms by households, businesses and governments. As a group, all consumers of energy prefer adequate supplies at a "low" price, and they generally oppose any policy that would transfer income to producers through higher prices. Furthermore, each sub-group which consumes a specific type of energy product desires a policy which would provide an adequate supply of that type of energy product at a price which is low relative to others. As a result there are countless special interest groups even among all consumers, each one ready to take a stand in opposition to another group on a specific issue. For example, household consumers may oppose policy that would benefit industrial users; the northeast, which is dependent on imported products, supports legislation which may be detrimental to other regions which are primarily dependent on domestic products; those in producer states have interests which differ from the interests of those in non-producer states; and policies benefiting consumers of nuclear energy are often opposed by environmentalists.

The self-interest of producers motivates them to lobby for prices which are high enough to cover all economic costs of continued production. But beyond that, in terms of their policy interest, producers are no more a homogeneous group than are consumers. Producers of electricity are consumers of energy resources (natural gas) with which they compete in the final goods (home heating) market. Within the petroleum industry, there are four sub-industries: production, transportation, refining and marketing. Integrated majors are companies with operations in each of the sub-industries. At each level, there are nonintegrated, independent companies which compete with the majors. On a given policy issue, the firms in the petroleum industry may or may not take a similar stand. For example, there is evidence of policy disagreement among independents and majors; small independents and large independents; and independent refiners and marketers, and integrated majors. The competition which exists is not only

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market competition, but also competition for influence over policy decisions.

The importance of competition for influence over public policy decisions is increasing as more of the decisions concerning energy resource allocation are being made by legislators and other public officials. Thus, given the complexity of the energy problem itself, and the added complexity of the mix of "interested" groups, it is not surprising that the United States does not have a consistent comprehensive national energy policy.

Energy Policy from 1930 to 1970: A Reflection of Domestic Politics

A. Oil Pricing Policy

Before 1930, the effective law regarding property rights to oil was the rule of capture. Owners were allowed to recover as much oil as they could by drilling on their surface property, even though they were drawing from a pool partially located under the property of others. This led to competitive drilling with each owner recovering as much oil as possible as quickly as possible. Under the rule of capture, ownership diseconomies and externalities led to production rates which ultimately left much of the oil and gas uncaptured. This was a clear justification for some intervention to alter the existing market process.

Intervention came in the form of market-demand prorationing authorized by statutes in the major producing states and finally ratified at the national level. Prorationing consisted of two aspects: setting production allowables equal to quantity demanded at some given price, and then allocating production among resource owners. Thus, market demand prorationing took the decision of how much oil to produce out of the market by maintaining a surplus capacity through an artificially high market price. In 1928 the Oklahoma State Legislature passed a statewide proration order; the Texas Railroad Commission was authorized to perform the prorationing function in Texas in 1930; and other state prorationing laws were passed subsequently. In 1935, the Connally Hot Oil Act was passed forbidding interstate movement of crude oil produced in excess of state allowables. Thus, from about 1930 until 1970, the price of domestically produced crude oil was determined by a domestic petroleum cartel, and not by market forces.

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The process of allocating the surplus also contributed to the maintenance of an artificially high price. In protecting the independents and wildcatters, the system of prorationing subsidized high-cost producers. "Stripper wells were usually exempted from regulation entriely," (4) and the formula for allocating production shares ". . . was extremely generous to small, high-cost producers and extremely stingy to low-cost producers." (5) Thus, the market-demand prorationing system used non-market considerations to determine how the production of oil should be achieved as well as how much oil to produce.

Since 1970, when domestic production reached its peak and import policy was changed, market-demand prorationing has not limited domestic production. Once quantity demanded exceeded domestic production capacities at existing prices, there was no longer a surplus to ration. While market-demand prorationing is no longer the system whereby domestic crude oil is allocated, several observations about the system can be made which shed additional light on the current energy policy debate.

The notion of designing public policy to fill the "needs" of society without regard to price is common. Mitchell refers to this as "gapology," (6) and currently it is applicable to the desire to increase supply or depress demand for energy so that the "gap" between quantity supplied and quantity demanded, which exists at the current price, will be filled. Projections of future supply/demand conditions often consist of trend-line forecasts based on historical growth patterns. These do not control for price changes and thus fail to present an accurate forecast of quantities demanded/supplied at different prices. This policy of gap-filling seems to be conditioned in history by the policy of market demand prorationing. Even though 1930-70 was a period of excess supply, the policy was to hold the nominal price of crude oil relatively stable. Thus, the producer was protected from a precipitous drop in prices that would have accompanied each new discovery of oil. Currently, the gap-filling policy is designed in the face of shortages to protect the consumer from steadily rising prices. While there are other factors which have contributed to the development of the "satisfaction of needs" approach, it seems clear that the policy of market-demand prorationing did set

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an important precedent.

As mentioned before, another precedent in energy policy set by the practice of prorationing was the protection of wildcatters and small independent producers, refiners and marketers. Many high cost producers were guaranteed a share of the market based on arguments other than economic efficiency. The discussions of subsequent energy policy decisions and current proposals will demonstrate evidence to suggest that a similar philosophy has continued to guide policy decisions.

Another effect of the domestic crude oil pricing policy of 1930-1970 was to shift the time path of prices toward the future. Producers were restricted from making market-determined decisions about extraction rates, and movements toward a flow-market equilibrium were impeded. Thus, when compared to the competitive solution, prorationing achieved conservation by avoiding the wasteful practices induced by competitive drilling under the rule of capture. One unanswered question, however, is whether prorationing achieved any conservation benefits that would not have been realized at a much lower cost given a system of competitive markets and unitized fields.

B. Oil Import Policy

The United States attempted to control imports of crude petroleum in 1933 under authority of the National Industrial Recovery Act. Secretary of the Interior Harold Ickes was authorized to establish controls, but they were never effectively imposed as the authorizing act was found to be unconstitutional.

The next attempt to control imports was a program of voluntary restrictions established in 1954. The United States had been a net exporter of crude oil until 1946 when its modest level of exports began to decline and its imports rose steadily. By 1954 imports had increased almost four-fold – mostly from low-cost sources in the Middle East and Venezuela. An informal voluntary import restriction was established in hopes that importers – most of whom were also domestic producers – would cooperate in order to maximize their long-run self interest. By 1957, new firms continued to be attracted to the fifty- to sixty-cent per barrel differential between the price of delivered domestic and imported crude. In response, the import program was made more formal and more restrictive, yet it

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remained voluntary. New entries, many of them small companies, undermined the second voluntary effort to restrict imports as they had done before. Imports of foreign crude oil increased almost 40 percent in the period of voluntary programs from 1954 through 1958.

In March 1959 the Mandatory Oil Import Program went into effect. Total imports were restricted by a quota fixed as a percentage of domestic production. Allocation of the imports was achieved through the sale of import licenses. Rather than auctioning the licenses to the highest bidder, however, the licenses were allocated mainly on the basis of refinery inputs, with a disproportionately large share going to small refiners.

The import quota system was successful throughout the 1960s in terms of both restricting imports and supporting the price of domestic crude oil. Until 1967 the rate of increase in imports was held below the rate at which domestic production was growing. As a result, the price of U.S. crude oil was held relatively stable at approximately $1.25 per barrel more than the landed foreign cost.

By the late 1960s, however, demand for oil in the United States had increased sufficiently to eliminate most of the excess capacity in domestic production. Domestic production peaked in 1970, and it became clear that either the domestic price or the proportion of imports would have to be allowed to rise significantly. The latter of these options was chosen. Importers' quotas were allowed to rise to the level which was sufficient to satisfy the quantity demanded at prevailing prices. Consequently, in the next two years (1971-1972), imports rose by almost 40 percent. Another result of the decision to allow imports to fill the gap between quantity supplied domestically and quantity demanded at a constant price was the decline in the real price of oil. At the end of 1972 real U.S. crude prices (deflated by the wholesale price index) stood 5 percent *below* their 1967 level.

In April 1973, a proclamation by the President ended the mandatory oil import program and substituted for it a system of license fees to encourage domestic production and refining. The import quota system was no longer serving any useful function since the landed cost of imported oil had risen to a level comparable to the domestic price.

The oil import quota program was rationalized by the

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concern for national security, but there is little evidence that this was the primary concern. Once the excess capacity in domestic production had been eliminated, imports were allowed to rise rapidly. Ironically, one of the consequences of the import quota system was to deplete the domestic sources of oil more rapidly, thus increasing, rather than decreasing, United States dependence on foreign sources.

C. Regulation of Natural Gas Prices

The operations of the natural gas industry can be divided into three distinct phases: field production, pipeline transmission and local distribution. The field production phase includes exploration, development and extraction. Producers of natural gas seek and develop reserves and then contract with gas pipeline compaines to deliver the gas. The contracts are usually long-term, covering periods of 15 to 20 years. The production phase is ended when the gas is sold at the wellhead. Pipeline companies purchase gas at the wellhead, transport it to local markets, and sell it either to local distribution companies or directly to industrial users. The local distribution phase is usually handled by local public utilities that sell gas to residential, commercial and industrial users.

Economies of scales in both pipeline transmission and local distribution of natural gas led to a natural monopoly situation for both these activities. In response, Congress passed the Natural Gas Act of 1938 placing pipeline companies selling natural gas in interstate commerce under the regulatory authority of the Federal Power Commission (FPC). Local gas distribution companies come under the regulatory authority of state public utility commissions.

Field prices for natural gas were market-determined until the 1954 Supreme Court decision in *Phillips Petroleum Co. vs. Wisconsin*. (7) In that ruling the Court found Phillips Petroleum Co. to be a "natural gas company" as defined in the Natural Gas Act even though the company engaged solely in production and gathering operations. (8) The ruling placed wellhead prices of gas to be sold in interstate commerce under the regulatory authority of the FPC. Natural gas produced for intrastate consumption was not made subject to FPC regulations.

The regulation of natural gas prices has had some serious economic consequences. While the majority of gas was being

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produced in association with crude oil, a modest revenue from its sale was a nice bonus to producers. Currently, however, most of the gas is produced from unassociated natural gas wells, and the predictable shortage has resulted from the continued ceiling on natural gas prices. Yet, it does not seem to be evident to many policy makers that a growing number of consumers are being harmed, rather than helped, by the controls. Many consumers are forced to use more costly sources of energy since they do not have access to domestic sources of natural gas at any price.

The U.S. government has influenced fuels markets in other ways in the past including the use of public utility rate regulation in the electricity industry, granting foreign tax credits on foreign oil exploration, and providing the oil depletion allowance in the tax code. As Rowen points out,

> These interventions into fuel markets were largely the consequence of our political institutions performing a familiar role: allocating economic benefits to those groups able to muster the necessary arguments, money, and votes to persuade officials of the merits of not allowing market forces to continue to operate alone. (9)

Clearly, there are imperfections in fuels markets which justify some government intervention. On the other hand, many of the past energy policy decisions in the U.S. were political reactions to immediate constituent pressures and not to the needs of the larger community over time.

Energy Legislation Since 1970: Contradictory Responses to Domestic and International Pressure

The beginning of the current decade marked the transition from a period of surplus to one of shortage in U.S. petroleum markets. The new conditions after 1970 resulted from a combination of related developments which included the following:

- Domestic oil production reached its peak in 1970 and began to decline slightly thereafter.
- Domestic refining capacity was not increased by any major new construction in the period of 1969 through 1972. This is attributed mainly to uncertainty in the industry about new developments in Federal energy policy, especially the attitude toward import restrictions.
- There was an increasing reliance on oil to satisfy the

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growing energy demand just at the time when domestic oil production reached capacity levels. This was due in part to the declining rate of growth in natural gas production, and reductions in the use of coal.

- Price controls and other Federal regulations became significant factors in the petroleum industry after 1971.
- The formation of oil producing nations into an international cartel was followed by a series of supply interruption and price increases. As a result, the United States is increasingly dependent on an uncertain supply of high-priced foreign oil to satisfy its total energy demand.

There have been strong efforts during three separate administrations since 1970 to implement a comprehensive national energy policy to cope with these developments. In each case so far, other issues have taken precedence and energy policy in the United States consists of a series of fragmented ad hoc responses to what has been perceived as more immediate problems.

A. The Nixon Plan

The Nixon administration's reaction to the Arab oil embargo of 1973 was embodied in the goal of "energy independence." The goal was initially stated as zero oil imports by 1980, but that was soon discarded. Thereafter, the goal was deemed attainable by 1985 assuming a price of $11 per barrel, complete decontrol of domestic crude oil prices, and if certain added conservation measures were implemented.

The key policy conflict was in the assumption of decontrol of energy prices. In an attempt to deal with inflation, Nixon, with strong Congressional support, had enacted his four-phased wage-price controls beginning in 1971. Furthermore, during Phases III and IV, when controls were being phased out in other industries, the Cost of Living Council chose to impose strict mandatory controls on the petroleum industry. They feared that the inelasticity of both supply and demand for petroleum would result in very large and rapid increase in petroleum prices which would contribute to a new round of inflation throughout the economy. Thus, they developed the multi-tier pricing system which exists in a more complicated form today. The commitment to keep energy

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prices artificially low as a part of the fight against inflation worked in direct opposition to the goal of energy independence which called for price decontrol.

B. The Ford Response

The Ford administration adopted the basic goal of energy independence and pushed hard for price decontrol as a part of its program. In Congress, however, there was strong opposition to allowing energy prices to rise on the grounds that it would cause an unfair transfer of wealth from consumers to producers, another round of inflation, and a serious burden on low income groups.

With the lack of Congressional support for price decontrol, the Ford administration actually expanded the scope of the already complex system of mandatory oil pricing and allocation. This was done primarily through the "entitlement" program, a crude oil cost-equalization plan through which importers of oil receive a subsidy from domestic producers. As a result, the de facto energy policy in the United States continued to protect consumers from the full impact of higher oil prices in world markets, thus encouraging consumption and additional imports, and strengthening OPEC.

In attempts to implement a comprehensive energy policy, the government not only faced conflicting goals among domestic issues, but also there was a basic conflict between two foreign policy objectives. A policy designed to confront and weaken the cartel was necessary from national economic interests, but it conflicted directly with the goal of establishing peace between Israel and the Arabs. Under both Presidents Nixon and Ford, the peacemaking goal was given precedence.

The result is that United States oil consumption reached 14.6 million barrels per day in 1977. Imports of 6.5 million barrels per day accounted for 44.5 percent of U.S. daily consumption. Clearly the goal of energy independence was not reached by the policies of the Nixon and Ford administrations.

C. The Carter Plan

Only time will tell whether the government will be successful in implementing a comprehensive national energy policy during the Carter administration. Based on past experience and the continued existence of serious conflicts among objectives,

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success in that regard is doubtful. Analysis of the first of ten principles espoused in the initial Carter Plan suggests why.

Consider the principle which says that:

> . . . the energy problem can be effectively addressed only by a Government that accepts responsibility for dealing with it comprehensively, and by a public that understands its seriousness and is ready to make necessary sacrifices. (10)

There is little evidence that the public is willing to adopt the "moral equivalent of war" attitude in dealing with energy matters. Those proposals in the original Carter Plan which called for increases in energy prices were turned down in Congress. The failure to pass the crude oil equalization tax and the compromises made in the natural gas pricing bills indicate that the legislators did not perceive that the public was willing to make what the Plan suggested were "necessary sacrifices."

This leaves a serious question about the ability of government to deal with energy issues comprehensively. As evidenced by attemps by three successive administrations, what is submitted to Congress as a comprehensive plan gets passed in part, rejected in part, and compromised or otherwise altered in part. Each part of the package is not necessarily designed to stand alone, so energy legislation becomes more and more fragmented rather than cohesive. And the bills which are most likely to gain approval are those for which the costs to the public are obscured.

The revised energy plan announced by President Carter in his address to the nation on April 5 is to phase out price controls on crude oil and to levy a windfall profits tax to establish one energy security fund. However passage of the tax is considered unlikely by many in Congress.

Summary and Conclusion

An examination of the history of energy policy indicates that the general welfare has not been well served. The government has responded to pressures from organized groups of all types, including the oil industry, the coal industry, the shipping industry, labor unions, consumer groups, environmental groups and the like. These responses have resulted in bureaucratic controls replacing the market mechanism in much of the allocation process. As a consequence, shortages have been created, particularly in natural gas; the incentive for domestic

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production of oil and gas has been reduced in favor of additional imports; and significant administrative costs have been added with dubious added benefits. The principal consequence of bureaucratic control over energy markets is the redistribution of income and wealth, although it is not clear whether the net effect of redistribution has favored lower income groups.

There is little evidence to suggest that U.S. energy policy in the future will differ from that of the past. First, political incentives are unchanged. Legislators are likely to continue to respond to constituent pressures with short term solutions, and although President Carter has recently ordered decontrol of crude oil prices, he is at the same time advocating new government controls through additional tax provisions. Second, uncertainties which make long-range planning difficult will continue to exist. These include uncertainties concerning the availability of world oil reserves, the timing of technological advances in renewable resources, the dangers of nuclear proliferation, the changing structure of regulatory control and taxation provisions and the structure of world politics. This has been further acerbated by the recent expression of public concern in regard to the safety of nuclear power plants.

To date, the federal government has translated the public's desire for a comprehensive national energy policy into a program of bureaucratic controls over energy markets. If that pattern is continued, the United States is likely to experience a continuation of energy policies which are inconsistent, conflicting and counterproductive.

FOOTNOTES

(1) See for example: D. L. Meadows, et al., *The Limits to Growth*, New York: Universe Books, 1972; H. E. Daly, ed., *Toward a Steady State Economy*, San Francisco: W. H. Freeman, 1973; and "Blueprint for Survival," *The Ecologist*, January 1972.

(2) This view is expressed in Edward J. Mitchell, *U.S. Energy Policy: A Primer*, Washington, D.C.: American Enterprise Institute for Public Policy Research, 1974; and in *No Time to Confuse*, A Critique of the Final Report of the Energy Policy of the Ford Foundation: *A Time to Choose*, San Francisco: Institute for Contemporary Studies, 1975.

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(3) See H. G. Barnett and C. W. Morse, *Scarcity and Growth: The Economics of Natural Resource Availability* (Baltimore: John Hopkins Press for the Resources for the Future, 1963); and W. D. Nordhaus, "The Allocation of Energy Resources," *Brookings Papers on Economic Activity*, 3 (1973).

(4) William J. Murray, Jr., "Market Demand Proration," in U.S. Congress, Senate Committee on the Judiciary, *Governmental Intervention in the Market Mechanism: The Petroleum Industry*, Hearings Before the Subcommittee on Antitrust and Monopoly, 91st Congress, 1st Session (1969), Part 2, "Industry Views," p. 1070.

(5) Edward J. Mitchell, *U.S. Energy Policy: A Primer*, National Energy Study 1, American Enterprise Institute for Public Policy Research, Washington, D.C., June 1974, p. 35.

(6) *Ibid.*

(7) *Phillips Petroleum vs. Wisconsin*, 347 U.S. 662, 1954.

(8) See E. W. Kitch, "Regulation of the Field Market for Natural Gas by the Federal Power Commission," *Journal of Law and Economics*, Vol. 11 (October 1968), pp. 243-281.

(9) Henry S. Rowen, "Comprehensive Energy Policy: King Stork?" in *Options for U.S. Energy Policy*, Institute for Contemporary Studies, San Francisco, 1977, p. 10.

(10) Executive Office of the President, *The National Energy Plan*, Washington, D.C., 29 April 1977, p. 26.

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SCHOOL DESEGREGATION: A CHALLENGE TO AMERICAN SOCIAL SCIENCE?

By Ralph Scott

In the 1954 *Brown* decision of the U.S. Supreme Court, "separate but equal" school facilities were inherently unequal and Southern states were ordered to desegregate "with all deliberate speed." One result was to bring about the racial integration of Southern schools which increasingly came to serve minority and poor children inasmuch as thousands of middle class whites fled to private schools. With the passage of the 1964 Civil Rights Act, civil rights were no longer seen as a Southern issue: but it was discovered that many Northern Negro students attended segregated schools. Government officials, often acting without clear court sanctions, consequently sought to racially balance — or desegregate — Northern schools. Unlike the South, where blacks and whites were more likely to reside within the same geographical areas, racial balance within Northern schools often required transporting students away from their neighborhood attendance centers. This further exacerbated a problem which in the South had already become one of the most divisive and expensive of educational endeavors — forced busing.

From the outset, the Courts and American social scientists assumed that busing would produce positive benefits in the form of improved minority academic achievements and enhanced racial harmony. In retrospect it seems naive to have assumed that black students would become now intelligent and advance more quickly simply as a result of being seated next to white youngsters. This myth, however, was sustained for many years, largely because, any academician who challenged the presumed benefits of forced busing was seen to be defying conventional and even moralized truths. (1), (2)

It is difficult to overestimate the significance of busing on American education: Presidents Johnson, Nixon, Ford and Carter have all described the practice as the single most significant and divisive of educational issues. Recent longitudinal studies have revealed, much to the surprise of those who shape policies, that busing does not promote inter-ethnic respect and that it fails to promote students' learning. (3), (4) In addition,

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surveys have demonstrated that the majority of Black, Hispanic, Indian and White parents reject mandated desegregation and want their children to attend the geographically most convenient schools.

The high cost of busing extends beyond social and educational implications. In a very real sense, mandated desegregation and other social measures have made international impacts. Of these, not the least noteworthy has been the fueling of inflation. To at least some degree, the purchasing power of money is eroded when excessive dollars chase (too few) goods. Busing does not add to the Nation's supply of goods. One illustration of inflationary effects: in April of 1978, President Carter sought to soak up excess American dollars by arranging for the Treasury to sell 300,000 ounces of gold at each of six month auctions. (5) At $220 per ounce, this measure brought in $396 million in paper money. But, by the early 1970s and before the energy crunch, *direct* annual Federal busing costs were estimated at $1.5 billion. This is practically four times the presumed savings effected by Carter's widely heralded, anti-inflationary, gold sales.

Forced desegregation continues to be widely implemented despite any evidence of value but, after a period which witnessed its uncritical acceptance, a surprisingly few scholars have managed to swing the door open for what has sometimes become acrimonious debate. One area of dispute involves examining whether or not substantial numbers of whites leave a school district which has been forcibly desegregated: the "white flight" issue. Authorities on both sides of the controversy agree that the question is significant because "racial balancing" cannot be sustained if large numbers of whites leave an "integrated" school system.

James Coleman, senior author of the *Coleman Report*, was one of the first nationally respected social scientists to publicly argue that busing contributes to white flight, resegregates minorities and the poor within the public schools, and hence is counterproductive. (6) Christine Rossell responded to Coleman by branding his contention a "fraud" and asserted that, in alleging a link between busing and white flight, he "has pulled off one of the greatest deceptions of public policy research" and "is guilty of statistical sleight of hand." (7) In an effort to counter Coleman's claims, Rossell examined student enrollment trends

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in 86 Northern school districts; she concluded that there was little if any evidence of white exodus.

But not all social scientists were muzzled by Rossell's heavy-handed rhetoric. Diane Ravitch illustrated problems in Rossell's statistical methodology by providing a theoretical example wherein a school district of 250,000 (200,000 whites or 80% of the total and 50,000 blacks or 20% of the total) lost 40,000 white pupils in a single year. (8) According to Rossell, the remaining 160,000 whites would comprise 76.2% of the student body and a loss of 3.8% white would presumably have been sustained. But Ravitch notes that the hypothetical district would have actually lost 20% (40,000) of its original white pupils. Ravitch concluded by recommending the assessment of enrollment shifts both in percentages and in absolute numbers of students.

There is still another educational and statistical consideration: within Ravitch's theoretical school district it can be assumed that the 20% white student body loss represents a disproportionate number of more affluent families. Put another way, in this age of inflation and job uncertainties not many families can afford to pick up and move. It seems likely that those whites who remain would be disproportionately more financially limited than those who left. If so, and as Coleman has contended, the public schools would then increasingly serve the minority and the poor. Busing would have created a fresh problem: the Carter administration is as concerned about socioeconomic segregation as racial separation. (9) Consequently, forced busing for "racial balancing" may contribute to a future need for "socioeconomic balancing."

Leading pro-desegregation authorities, largely individuals whose research was and is generously funded by government agencies and foundations, soon rallied behind Rossell. Gregg Jackson of the United States Commission on Civil Rights issued several papers criticizing Coleman's findings, praising those of Rossell. Additional support came from such busing stalwarts as Robert Green, Thomas Pettigrew and Gary Orfield. The latter's endorsement was particularly significant because of his influence in academic and governmental circles. It was Orfield who edited papers of the August 1975 "Symposium on School Desegregation and White Flight" which featured a preponderance of pro-busing academicians. Scholars interest-

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ed in securing grants or consultantships should surely have noted the implications with respect to their own professional advancement: the symposium was funded by the National Institute of Education, co-sponsored by the Catholic University Center for National Policy Review and the Notre Dame Center for Civil Rights, and hosted by the prestigious Brookings Institution. Boosted by kingpins of the academic and fund-granting establishments, Rossell's findings were quickly disseminated. School board members from a number of cities called the writer asking if, as Rossell asserts, busing does not significantly contribute to white flight since this finding would influence policy decisions in their districts.

Rossell has recently reaffirmed the major conclusions of her survey but has also acknowledged some white flight which, she maintains, is checked shortly after the year of implementation. Less than normal white enrollment losses are observed, she insists, in the post-implementation years so that after four years the net effect on white enrollment is nonnegative for most school districts. (10)

Without extensive funding it was impossible to thoroughly examine data from all 86 cities in Rossell's study. But an in-depth examination within a single district was feasible. The researcher lived near Waterloo and that city was therefore selected for an in-depth assessment which provides an estimate as to the accuracy of Rossell's conclusions. For several reasons, Waterloo's desegregation should not have produced the extent of exodus which has been reported in many cities: 1) initial busing plans were formulated voluntarily by the local school board, with some pressure from the Iowa State Department of Public Instruction (DPI) 2) Coleman's findings indicated that desegregation has the most pronounced effect on white enrollments in large school districts with a fairly high proportion of minorities; the year prior to announcement of the major plan the district enrolled only 19,610 students and of these only 2,419 were black and 3) the scope of the desegregation program was small.

At the request of the Waterloo Neighborhood School Association (NSA), the experimenter provided court testimony in 1973 concerning the probable effects of the proposed local busing plan. Since then he has gathered evidence of white flight, and noted the sense of taboo that pervades the question.

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Realtors talk, in private but not in public, of being unable to sell Waterloo homes to incoming residents who prefer neighborhood schools. School principals have told the experimenter that parents often decide not to buy a home in Waterloo because they cannot be given long-term assurance where their children will attend school. A black parent calls to say his children are "being destroyed" by busing. On the golf course of a Waterloo suburb, a white parent casually states that he left Waterloo not to avoid integration, but to escape busing; similar comments surface spontaneously at a social gathering in Hudson and in a Janesville meat market.

The feasibility of assessing possible white flight in Waterloo was enhanced when DPI released a report on student enrollment trends from 1970-76 in 20 Iowa cities with populations exceeding 10,000. (11) During that period, only the Waterloo school district, which has the highest proportion of minority students in Iowa, launched a major desegregation program. Thus the writer was able to compare student trends in major state school districts in such a way as to exert statistical control on such non-desegregatory influences as birth rates, suburban trends, industrial growth, job layoffs and factory closings. To gain an improved understanding of pre-1971 enrollment profiles, the writer also obtained 1966-69 enrollment figures from DPI.

Rossell's Findings and Conclusions: Some Observations

Rossell's figures on percentages of whites enrolled in Waterloo are summarized on Table 1 and appear to support her conclusion that there has been little or no white flight; the percentages of whites in the student body are relatively stable during the years she designates as pre (1968-69; 1969-70) and post (1970-71; 1971-72) major plan years.

Table 1
Waterloo School District Enrollment Trends
(as cited by Rossell)

	1968	1969	1970	1971	1972
Percentage whites enrolled	87.8	87.2	86.8	86.2	85.8
Change in percentage white		-.6	-.4	-.6	-.4

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Actually, local school officials state that there is little actual fact in Rossell's figures as they are cited in Table 1. Thus Rossell contends that 1971 was the major plan date and that 1.91% (or 343) of the students were then reassigned. It is true that the "plan" was announced in 1971 but Laurence Garlock, who heads transportation programs for Waterloo, states that there was no 1971 busing for racial balance. Largely to promote desegregation, Waterloo added a third high school (Central) in 1972. This required some limited busing, which was done under the guise of "redistricting" the high schools. In 1979, school board members were predicting that Central and other schools would have to be closed because of steadily declining enrollments. Waterloo busing did not really begin until the fall of 1973 when 709 students, about half of them black, were reassigned.

Table 2 summarizes absolute numbers of white and black students enrolled from 1966-78 in Waterloo, change in absolute numbers of white students by one year intervals, percentage of whites in the student body, percentage changes in white student body compared to total student body, and percentage change in white student body. Rossell's analysis utilized only categories 5 and 6 (percentage whites in student body, percentage change in white student body.)

Table 2 shows that in 1971 16,564 white and 2,566 black students enrolled in the Waterloo schools. This represented a loss of 627 whites and a gain of 147 blacks over the prior year; whites constituted 86.5% of the student body and the percentage white of the student body declined 1.1%. However, the absolute number of whites enrolled in 1971 declined 627 or 3.65%. This table also shows that by the fall of 1978, only 12,133 whites remained; since 1970 the white student population had declined 29.4%.

A review of Tables 1 and 2 reveals important discrepencies between Rossell's figures and those which this researcher secured from state and local school officials. Thus Rossell reports no difference in white decline between what she considers the two pre- and two post-major plan years (.6 and .4 vs .6 and .4). But the percentage loss – and here we employ her doubtful index – during 1971 and 1972 was actually more than double that of 1969 and 1970 (.5% and .1% vs .1.1% and .3%). More importantly, the absolute number of white student change in the two pre-plan years was 298 (168 and 130)

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Table 2

Waterloo School District Enrollment Trends*

	1966	1967	1968	1969	1970	1971	1972	1973	1974	1975	1976	1977	1978
1. Number of white students enrolled	17,369	16,918	17,489	17,321	17,191	16,564	15,913	14,798	14,162	13,760	13,419	12,810	12,133
2. Number of black students enrolled	2,182	2,225	2,322	2,408	2,419	2,566	2,534	2,576	2,545	2,561	2,552	2,585	2,381
3. Total student enrollment	19,551	19,143	19,811	19,729	19,610	19,130	18,447	17,374	16,707	16,321	15,971	15,395	14,514
4. Absolute number, white student change	—	(451)	571	(168)	(130)	(627)	(651)	(1115)	(636)	(402)	(341)	(609)	(677)
5. Percent of whites in student body	88.8	88.3	88.2	87.7	87.6	86.5	86.2	85.1	84.7	84.3	84.0	83.2	83.6
6. Percentage change white student body	—	(.5)	(.1)	(.5)	(.1)	(1.1)	(.3)	(1.1)	(.4)	(.4)	(.3)	(.8)	.4
7. Percentage change, white with white in prior year enrollment	—	(2.60)	3.38	(.96)	(.75)	(3.65)	(3.93)	(7.01)	(4.30)	(2.84)	(2.48)	(4.54)	(5.28)

* Source: Waterloo Community School personnel office.

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whereas comparable post-plan figures were 1,276 or more than four times greater: (627 and 651). *

Economic Assessment

It is known that white outmigration from the cities has been going on for some time and the complexity of white flight is such that Coleman (12) and Clotfelter (13) advise the use of econometric assessment data such as that which appears on Table 3. Here, percentages are cited concerning absolute student numbers in the 20 Iowa school systems and their nearby districts from 1966 through 1976. This methodology retains the validity provided through utilization of absolute student numbers but admits a methodological weakness inasmuch as absolute numbers of students vary by district; a loss of relatively few students may yield a deceptively large percentage shift. In examining this table it should be noted that 1) only the Des Moines and Waterloo districts serve significant numbers of minority students and 2) the DPI report included Cedar Falls both as an independent district and as a suburb of Waterloo but provided separate figures for both school districts.

Table 3 shows that Waterloo's total student enrollment increased 3.07% from 1966 to 1969' This growth rate surpassed that of six cities (Council Bluffs, Des Moines, Keokuk, Mason City, Newton and Ottumwa). In fact, the district's growth during this period would have been somewhat higher were it not for a 1968-initiated voluntary busing plan whereby approximately 100 minority youth began attending the nearby university laboratory school. These figures indicate that prior to the 1970s Waterloo's racially integrated schools were maintaining steady enrollments. Despite some *de facto* racial imbalance there was no sign of significant white exodus.

It is also noted that Waterloo's total enrollment declined 18.8% from 1970-76 while student numbers in adjacent school districts gained slightly (.2%). During this period the percentage of student decline was exceeded by only two districts, Mason City and Ottumwa. Significantly, both cities are within geographic regions which experienced more widespread adverse econometric developments than Waterloo as witnessed by 1) percentage changes of 14.4% and 14.0% within the regional

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Table 3

Enrollment Trends by percentile:* 20 Iowa Cities with over 10,000 population
(in absolute student numbers)

	Column 1	Column 2	Column 3	Column 4	Column 5
	Percentile enrollment change in school districts from 1966-69	Percent enrollment change in school districts 1970-76	Percent enrollment change adjacent district and one district away 1970-76	Difference, percent enrollment in key cities and nearby districts 1970-76	Percent Change in geographic area (includes private schools and key cities) 1970-76
Ames	+11.43	− 6.6	− 4.1	− 2.5	not given
Burlington	+ 4.78	−11.0	− 6.9	− 4.1	− 9.7
Cedar Falls**	+10.55	− 8.9	+ 0.2	− 8.7	−10.7
Cedar Rapids	+ 7.39	− 9.4	− 4.0	− 5.4	− 9.4
Clinton	+ 8.08	−15.0	+ 7.5	−22.5	− 1.7
Council Bluffs	+ 2.83	−16.2	− 0.5	−15.7	−19.4
Davenport	+ 7.90	− 3.3	+ 3.9	− 7.2	− 0.9
Des Moines	+ 1.86	−14.1	+ 6.8	−20.9	− 4.8
Dubuque	+33.98	+12.7	+ 1.5	+11.2	− 5.9
Fort Dodge	+ 3.11	−17.3	−16.1	− 1.2	−17.4
Fort Madison***	+ 7.05	−11.1	− 6.9	− 4.2	− 9.7
Iowa City	+17.02	− 6.2	− 7.2	+ 1.0	not given
Keokuk***	+ 2.08	−16.7	− 6.9	− 9.8	− 9.7
Marshalltown	+ 7.32	− 4.3	−11.8	+ 7.5	−10.1
Mason City	+ 2.85	−19.1	−11.3	− 7.8	−14.4
Muscatine	+ 9.54	− 0.6	− 4.5	+ 3.9	− 3.2
Newton	+ 0.50	−13.0	− 3.8	− 9.2	−10.14
Ottumwa	− 1.26	−19.1	−10.5	− 8.6	−14.0
Sioux City	+ 5.04	−11.7	− 9.7	− 2.0	−12.7
Waterloo (all students)	+ 3.07	−18.8	+ 0.2	−19.0	−10.7
Average of all 20 schools	+ 7.26	−10.5	− 4.2	− 5.4	− 9.7

*DPI and the Waterloo Community Schools employ slightly different statistical methods in calculating student enrollment, which do not alter any of the general findings

**Because of geographic proximity, grouped with Waterloo

***Because of geographic proximity, grouped with Burlington

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area and 2) percentage declines in adjacent school districts of 11.3% and 10.5%. Moreover, since practically all Iowa cities serve few minority students, it seems fair to assume that, for comparative purposes, Waterloo's white student decline would be the more appropriate figure to use and this boosts the figure from 18.8% to 21.9%.

Column 4 of Table 3 shows that the difference in 1970-76 enrollment percentages between Waterloo and nearby districts was 19% which is the third largest percentage difference among the 20 districts. Only two cities (Clinton and Des Moines) reveal greater percentage differences and in both cities this is largely linked to growth trends in adjacent areas. Further investigation is required to fully comprehend this finding, but local residents of the two cities offer possible explanations. Clinton, a relatively small town, has many retired citizens; even a small number of these could distort usual percentage interpretations. An old river town with limited land suitable for residential expansion, Clinton has attracted little new industry partly because it is bounded on one side by the Mississippi River and along other boundaries by the suburbs of Comanche and Lyons which may partially explain the 7.5% enrollment gain in adjacent districts during a period when statewide enrollment declines were being recorded. As for Des Moines, expansion in state government has spurred employment but realtors report that newcomers prefer to settle in suburbs. This may be related to long-rumored busing which was eventually implemented in the fall of 1977.

Finally, Column 5 gives total enrollment change by region and includes private schools. This table shows that the Waterloo regional loss, which includes the city's student decline, was 10.7% which is only one percentage point higher than the average decline (9.7%) of the 20 regions. Only five of the areas showed significantly less student declines than Waterloo: Clinton, Davenport, Des Moines, Dubuque, and Muscatine. Summing up, econometric indices as compiled on Table 3 do not provide an explanation for the sharp declines in Waterloo's white student population. Indeed, the 1970-76 period witnessed expanded local employment as the region's major employer, the John Deere Company, increased hiring and recorded high construction costs associated with the building of new plant facilities. Also, the existence of large

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tracts of suitable residential development land raises questions as to why more single homes have not been constructed recently within Waterloo.

Enrollment changes, again in absolute student numbers, for Waterloo (whites only), Cedar Falls and the area's six major suburbs are presented on Table 4. These figures show that Waterloo's enrollment held steady through 1969 but suffered unusually high losses during the 1970s, with numbers and percentages far exceeding those of nearby districts. Again, econometric information is useful. From 1970-76, the State of Iowa saw student enrollments decline 8.49%. Yet all four of the smaller Waterloo suburbs bucked this trend. Again, Cedar Falls is the exception and enrollment trends at the local University of Northern Iowa (UNI) provide a possible explanation since the Cedar Falls schools draw students from homes of both university students and staff. Consistent with observations noted on the table, during the late 1960s UNI gained students and staff; the 1970s saw declines. Thus from 1966 to 1969 UNI enrollment jumped from 7,409 to 9,058. Further gains were registered in the fall of 1970 when 9,723 university students were admitted but since that time the university's enrollment has held relatively steady.

Table 4

Student Enrollment Trends,
Greater Waterloo Geographic Area
1966-78

	Student Change in Absolute Numbers		Percent of Change	
	1966-69	1970-78	1966-79	1970-78
Cedar Falls	543	(–900)	8.64%	(–13.34%)
Hudson	23	317	3.54%	46.01%
Denver	130	78	17.96%	8.77%
Dike	43	(– 43)	6.45%	(–6.00%)
Dunkerton	51	(– 48)	7.18%	(–6.33%)
Janesville	(–12)	46	(–2.05%)	7.82%
Waterloo (whites only)	(–48)	(–5058)	(–0.28%)	(–29.42%)

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Some After-Effects

By 1979 there was no sign of abatement in Waterloo's enrollment decline. Despite falling birth rates, a large new housing development was underway in Hudson, one of the suburbs, which was building a new school. Lower enrollment figures in Waterloo have prompted special school board meetings. Staff reductions have been carried out even though Federal and State funds have flowed into the district to make it a busing "showcase." Some black parents, unhappy with busing and claiming it has damaged their children, have threatened to open a private school. Proposals for school closings have been advanced but drawn criticism because they involved schools in sections of the city largely populated by the poor and minorities. Incongruities abound: in 1973 the NAACP had argued that busing would upgrade education; by 1979 it was insisting that blacks should not be unfairly burdened by busing-related hardships. This presents the board with a dilemma; busing of whites to largely black schools would probably accelerate additional white flight.

Financial problems have also been exacerbated. State aid is based on student numbers; for each student lost, the district loses $1,450. Recently the school board, in a move designed to stem student outflow, has decided to curtail and to eventually eliminate voluntary busing of minority children to the nearby university laboratory school. Voluntary busing shall therefore be sacrificed to sustain mandated desegregation which witnesses the increasing resegregation of minority and poor children.

Contrary to Rossell's well-publicized conclusions, the findings of this study indicate that white flight persists long after the year of implementation. The validity of Rossell's conclusions concerning enrollment trends in the other 85 cities included in her review must therefore also be questioned. This assessment therefore suggests that the most effective educational policies cannot be framed solely on the basis of conclusions reached by the presumably best informed, and most influential, of social scientists. One serious implication follows: corrective steps are needed to objectify social science findings or unproductive and disruptive educational practices shall be perpetuated. Just how such profound reform can be brought about provides a very real chal-

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lenge. However, if reasonable progress cannot be made toward such reform, it is most unlikely that academia will progress from its present chaotic status to a unified coherence capable of promoting genuinely useful policy formulations.

FOOTNOTES

(1) Ralph Scott, *The Busing Coverup*. Rio, Wisconsin: Martin Quam Press, 1975.

(2) Julian Stanley, *American Psychological Association Monitor*, Dec., 1970, 9.

(3) Walter G. Stephan and David Rosenfield. "Effects of Desegregation on Race Relations and Self Esteem." *Journal of Educational Psychology*, Vol. 70, No. 5, Oct. 1978, 670-679.

(4) Harold B. Gerard and Norman Miller, *School Desegregation: A Long-Term Study*. New York: Plenum, 1975.

(5) *Wall Street Journal*, April 21, 1978.

(6) James S. Coleman, "Recent Trends in School Integration." Paper Presented at the Annual Meeting of the American Educational Research Association, Washington, D.C., April 2, 1975.

(7) Christine Rossell, "White Flight," *Political Science Quarterly*, Winter, 1975, 3-10.

(8) Diane Ravitch, "The 'White Flight' Controversy," *The Public Interest*, No. 51, Spring, 1975, 135-149.

(9) Kurt Smoot, administrative aide to President Carter. Comments to representatives of the National Association for Neighborhood Schools. Washington, D.C., January 24, 1977.

(10) Christine H. Rossell, et al. "A Response to The 'White Flight' Controversy," *The Public Interest*, No. 53, Fall, 1978, 109-115.

(11) *Iowa State Department of Public Instruction*. Enrollment Trends in Area of 25 Mile Radius from 20 Iowa Cities with over 10,000 Population as of 1950, Des Moines, Iowa, 1977.

(12) James S. Coleman, *op. cit.*

(13) Charles Clotfelter, "The Detroit Decision and 'White Flight'." Paper Presented at College Park, Maryland, 1974, and cited in Rossell, *op. cit.*

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DO RIGHT TO WORK LAWS HAVE AN IMPACT ON UNION ORGANIZING ACTIVITIES?

By Ralph D. Elliott

I Introduction

Under the Taft-Hartley Act passed in 1947, individual states are allowed to pass laws prohibiting mandatory union membership. Called right-to-work (RTW) laws, they have been passed in twenty states located primarily in the South and West.

These RTW laws have little to do with guaranteeing jobs. Instead, they make union membership voluntary in a unionized organization. In a more general sense, RTW laws relate to the concept of union security. A union is established in an organization when it has won the approval of a majority of the eligible workers. Once a union has been certified by the National Labor Relations Board (NLRB) as the representative or bargaining agent for the workers, the union officials try to make the organization both viable and secure.

To do so, the union officials may try to obtain a union shop clause when they negotiate a contract with management. Under the union shop arrangement, the employer is free to hire anyone, but once hired, the employee has to join the union to remain employed and must pay dues and support the activities of the union.

Right-to-work laws outlaw the union shop. They require an "open shop," where an employee cannot be required to join the union to keep his job. Union leaders decry the presence of these laws, while voices from the other camp sing their praises.

Both opponents and proponents of RTW laws offer reasons for their respective views. Opponents of RTW legislation object

*A special thanks goes to Professor Dan C. Heldman, for many helpful comments and points which have been incorporated in this paper. My appreciation goes also to my colleagues – Professors Ralph Byrns, Richard Nelson, and Joe Prinzinger for their assistance and support during the study. Thanks also goes to Dr. Bruce Yandle for comments on the penultimate draft.

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when non-members of an unionized organization can become free-riders and thus avoid paying dues while receiving the putative benefits of exclusive representation. (1) For example, unions may be required to represent non-members in proceedings, even to the point of presenting such grievances at arbitration.

Opponents also contend that the free rider status granted some workers by RTWs hinders attempts by union organizers to convince prospective members to join unions. In other words, an individual worker has no assurance that others will match his offer in terms of joining the union and paying dues. As a free rider, a worker has an incentive to give his verbal support and vote for a union, but not join if the union wins and is certified. (2)

Proponents of RTW laws maintain that workers should have the freedom to work in unionized organizations without being required to join a union. Moreover, the proponents contend that the higher rate of return to unionization which occurs in the absence of RTW laws is partly a transfer of income from reluctant members to unions. The contention suggests that laws which mandate union membership may "tax" workers who do not wish to join the union. As opposed to the free rider concept, the taxed workers are "forced riders" since they are legally coerced into paying for a service they would not have purchased voluntarily.

If RTW laws were found to influence the level and success of union organizing activities, that evidence could be used to support the arguments on both sides of the question. Proponents would claim the evidence as an indication that individual freedom was abridged in states where RTW laws were not legislated, while opponents would contend that workers are under-represented due to a rigid legal framework in those states that have RTW laws.

II Some Recent Literature

Students of the labor movement in the U.S. have long considered the political and legal framework an important determinant of union activity. For example, Ashenfelter and Pencavel (1969) use multiple regression analysis in explaining the growth in membership of American trade unions during the period 1900-1960. As a variable which reflects the political

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climate, the percentage of membership in the House of Representatives affiliated with the Democratic Party (Dt) was used. Their hypothesis is that the periods of dominance by the Democratic Party indicate periods of pro-labor sentiment on the part of the general public as reflected by the election process. They find (Dt) to be significant and positive in its influence on the rates of growth of unions over time. In a comment, Manck (1971) also finds support for the hypothesis that a high proportion of House members in the Democratic Party reflects public pro-union sentiment, but he questions whether the relationship is linear and whether it has been constant for six decades. (See also the criticisms in Adams-Krislov (1974)).

A large portion of the scholarly literature on RTW involves a debate over whether RTW laws reduce the rates at which unions are organized and whether RTW laws may even destroy existing unions. The controversy over the impact of RTW legislation on the growth of union membership and collective bargaining has not as yet been resolved. For example, Myers (1959) argues that right-to-work laws have had little impact on union membership and that substantive issues in right-to-work legislation are secondary to symbolic issues. Kuhn (1961) contests Myers' thesis by arguing that it is highly unlikely union leaders have spent $10,000,000 in 1958 in attempts to defeat RTW proposals if they had not perceived them as formidably counter to the interests of unions. At the same time, many businessmen must certainly believe the enactment of RTW laws would significantly reduce the bargaining power of unions. More than $2,000,000 was spent in 1958 in attempts to secure enactment of RTW legislation. (3) (There are, no doubt, also many thousands of citizens, neither businessmen, nor labor leaders, who contributed money to this fight. It is not simply a labor-management dichotomy.)

Kuhn attributes the union shop with bringing in one new member for every six. This means that the union shop forces one person into membership for every six persons who would have joined. Hence, membership would be expected to decline in the absence of the union shop. In fact, Kuhn's estimate would predict a drop rate of around 14%. One of Kuhn's illustrations of the impact of removing compulsory membership is the losses of members in the early fifties as modified union

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shops allowed workers to escape union membership after a year. Estimates of the numbers of escapes from the U.A.W. and from some large steel unions range from 4-7% of recently enrolled members. (4) Kuhn concluded that this loss of membership might diminish union organizing activities at the margin by decreasing the amount of potential funds to union organizing groups which receive their money from union dues.

Lowell Galloway (1966) has used wage-preference analysis to make an interesting point concerning the union shop. He shows that the union shop yields greater economic efficiency (5) than either the open shop or the closed shop. In the absence of a union-shop clause which provides the union with economic and institutional security, the union will seek to increase its membership by bargaining and obtaining higher wages. This is necessary because under the open-shop arrangement made compulsory by right-to-work laws, membership is completely voluntary and higher wages are necessary to attract members. On the other hand, with union-shop affiliation, the union can substitute employment (membership) expansion to wage gains. As a consequence, economic efficiency is enhanced because wages and employment under the union shop lie closer to the intersection of the demand and supply curve than under the open-shop, and the misallocation of labor from the monopoly power of unions is reduced.

Conversely, the existence of a right-to-work law may mean that employer groups have more bargaining power than union groups since not all workers will be supporting the union. In this case, employers would be more resistant to union demands so that lower wages and wage changes would occur in right-to-work environments. If the lower wages lead to greater employment, then the converse of Galloway's analysis results, i.e., right-to-work laws result in greater rather than less economic efficiency.

On a different point, Gilbert (1966) attempts to determine whether the right-to-work law is related to the level of industrial conflict in a given state. He uses as a measure of industrial turmoil the proportion of time lost due to work stoppages, measured in manhours, relative to the total estimated working time. He concludes that there is no significant relationship between right-to-work laws and industrial conflict. It would

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seem that the degree of unionization is the primary factor in determining the level of such conflict. The policy conclusion to be reached from this is that repeal of Section 14b of the Taft-Hartley Act would not result in an increase in the amount of conflict. He also suggests that expanding unionization does not decrease union turmoil (industrial strife) as is frequently alleged in the push for passage of public employee collective bargaining laws at the state level and as claimed implicitly in the legislative preamble to the Wagner Act.

In their article, Neil and Catherine Polomba (1971) determine whether economic factors play a role in the adoption of right-to-work laws. They present a hypothesis which asserts that if the states are placed in an economic ranking those in the lower end will have higher pressure to enact right-to-work laws on the assumption that State RTW laws will lower labor costs relative to other states and that this is more attractive to industry. Their research indicates that the economic factor is foremost in explaining the passage or absence of such laws. Second to this in importance is the degree of unionization which is inversely related to the adoption of right-to-work laws. In other words, the greater the degree of unionization the greater the pressure against passage of RTW laws.

Efforts to identify a statistical relationship between RTWs and union activity have been made by several investigators. Lumsden and Petersen (1975) examined the relationship between RTWs and the level of union activity by using the 1939 and 1953 membership data collected by Troy (1965). Using the percent of nonagricultural labor force unionized as the dependent variable in a regression equation, the authors included a RTW dummy in the 1939 data for states having RTW in 1953. The coefficient on the RTW variable was negative and significant. By 1953, thirteen states had adopted RTW laws so the coefficient on the RTW variable should have become even more negative if RTWs have a negative effect on levels of unionization. However, the coefficient actually increased toward zero. The authors concluded RTW laws had little association with the level of unionization. Going further, the authors tested the impact of the RTW variable on the level of unionization over time using 1968 data. Again the coefficient on the right-to-work variable was smaller in absolute value than for 1939 or 1953, suggesting once again that RTW laws were a

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proxy for the tastes and attitudes of voters and workers in individual states rather than a deterrent to unionization.

To test empirically the independent influence of right-to-work laws, Moore and Newman (1975) computed linear, cross-sectional, multivariate regressions for the years 1950, 1960, and 1970. They included two dummy variables in their model. One dummy identified RTW states; the other identified states as Northern or Southern. Moore and Newman found the RTW variable had a significant independent effect in retarding the growth of unionism. (6)

Both of these studies used union membership (percent of employees in non-agricultural establishments) as the dependent variable. However, this variable may be a misleading indicator of union activity since not all of the workers in a bargaining unit may join unions. In other words, an open shop contract may lead to a smaller percentage of the eligible work force being formally represented by a union relative to union shop or closed shop arrangements.

On the other hand, anti-union workers may choose to belong to unions where union shops exist. If membership were not a required condition for continued employment, many of these reluctant members might abandon the union. Clearly, these workers would not be financial supporters of union activities nor committed to the principles of unionism as a system of employer/employee interaction. In either of these cases, union membership may be an inaccurate estimate of union strength.

Another problem associated with using union membership figures relates to the way in which this data is collected. BLS statistics on the proportion unionized, by state, are based upon membership figures, self-reported; there is no quality control exercised over the report form submitted by the unions. The ambiguities associated with union membership data raise serious questions about RTW models which include union membership as a dependent variable. Simply put, another proxy for union activity might shed additional light on the RTW controversy.

This article reports on a set of tests of the effect of RTW laws on union activity in the years 1950, 1960, and 1970. However, instead of using union membership as a dependent variable, four other proxies are used. Part III of the paper describes these proxies and the complete multivariate model

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which was tested. The model for each year includes a RTW dummy variable. The results of the statistical tests are discussed in part IV of the paper. And a brief summary concludes the article.

III The Model

The proxies for union organizing activities in each state in the contiguous United States used in this study include 1) annual petitions filed for representation election, 2) annual elections held, 3) total annual elections won by unions, and 4) total annual votes for unions in representation elections. Each of the four organizing proxies are adjusted for the number of workers covered by the National Labor Relations Act within a state, e.g., annual petitions per million workers and annual elections held per million workers. Each of the four proxies is used as a dependent variable, and all four are combined in index form to create a fifth dependent variable.

Keeping in mind the five measures of union organizing activities, the following model is postulated:

$$Y = f(UM_{it}, U_{it}, H_{it}, EGPS_{it}, URB_{it}, F_{it}, WLF_{it}, NWLF_{it}, YLF_{it}, PLF_{it}, SLF_{it}, BCW_{it}, UAV_{it}, RTW_{it})$$

where *Y*, the dependent variable is one of the proxies for union organizing activities,

UM is the proportion of non-agricultural workers already unionized,

U is the unemployment rate,

H is the real average hourly earnings as a proportion of the national average,

EGPS is the proportion of employment accounted for by the non-agricultural goods producing sector,

URB is the percentage of the population living inside urbanized areas,

F is the annual number of employer unfair labor practices adjusted by per million workers in the state,

WLF is the percentage of women in the civilian labor force,

NWLF is the percentage of non-whites in the civilian labor force,

YLF, PLF, and *SLF* are the percentage of the civilian labor force in the youth work force (16-24), the primary work force (25-54) and the senior work force (55-64) respectively,

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BCW is the percentage of employment in blue-collar occupations,
UAV is a union attitude variable which measures by proxy the intensity of support for unions in each state,
RTW is a dummy variable taking the value of one for states having right-to-work laws and zero for states having no such law, and
(it) is for state i in time period t (i = 1 to 48, and t = 1950, 1960 or 1970).

Table 1

Variables Used in Regression Analysis

Description of Variable	Symbol
(*Dependent Variables*)	
Union organizing activity proxies	Y
(*Independent Variables*)	
The proportion of non-agricultural workers already unionized	UM*
The unemployment rate	U
Relative hourly earnings (adjusted to local cost of living)	H
Proportion of employment accounted for by the non-agricultural goods-producing sector	EGPS*
Percent of population living inside urbanized areas	URB*
Number of unfair labor practice charges filed against employers per million workers	F
Percentage of women in the civilian labor force	WLF*
Percentage of non-whites in the civilian labor force	NWLF*
Percentage of civilian labor force in the youth work force (16-24)	YLF*
Percentage of civilian labor force in the primary work force (25-54)	PLF*
Percentage of civilian labor force in the senior work force (55-64)	SLF*
Percentage of employment in blue-collar occupations	BCW*
State union attitude variable (COPE)	UAV
State right-to-work dummy variable (one for states having the law)	RTW

*Variables and nomenclature used in the Moore/Newman Model

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As indicated in Table 1, most of the variables included in the model have been drawn from the Moore/Newman study. Several additional variables have been specified to provide a more complete model of the determinants of union organizing activities for the regression analysis. Perhaps the most unique additional variable developed relates to measuring the attitudes toward unions in the various states. A state union attitude variable (UAV) was developed which was based on the average ratings of congressmen and senators by the Committee on Political Education – (COPE) of the AFL-CIO. (7) The COPE ratings are based on how congressmen and senators voted on selected issues. Since COPE ratings data are not available for 1950, the percent of each state's Congressional delegation voting against the Taft-Hartley Act was used for 1950 regressions.

Possible expected influences of the independent variables on union organizing activities are not listed in Table 1 nor discussed in this paper. However, if RTW laws are effective in reducing organizing activities, the coefficient on the RTW dummy will have a negative and significant impact on union organizing activities.

A description of sources for the data and the adjustments made in the data for the study are not reported here but are available from the author upon request. Similarly the regression equations completed on the data are not reported here but are also available from the author.

IV Discussion of Results

Regressions were completed on each of the dependent variables using the 1950, 1960 and 1970 data. In addition, data for all three time periods were pooled to perform a fourth set of regressions.

With the exception of the unemployment rate, all of the variables were significant at some point in the empirical testing. Of the variables that did prove to be significant, four showed up quite often. These were the proportion of employment accounted for by the non-agricultural goods-producing sector (EGPS), the number of unfair labor practices charges filed against employers per million workers (P), the percentage of women in the civilian labor force (WLF), and the percentage of non-whites in the civilian labor force (NWLF).

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Overall, the sign on the (EGPS) variable was negative indicating that union organizing activity varies inversely with the percentage of total state employment in the goods-producing sector. In the past, unions have had their greatest organizing successes in the goods sector but the negative sign here indicates that this traditional union territory has reached an organizational peak. As a result, unions are earning a higher rate of return on organizing expenditures by concentrating on the sectors which do not already have a relatively high degree of unionization.

The empirical results indicate that union organizing activities vary directly with employer unfair labor practice charges (F). The implication of this outcome is that charges of employer violations of labor laws protecting employees only generate increased support for unions. These results lend support to the idea that unions may deliberately file unfair labor practice charges against employers as a tactic to generate employee support for the union.

Both the female and the non-white variable had a negative influence on union organizing activities in 1950 and 1960 but not in 1970. Historically, unions have done little to promote the causes of women and to encourage black membership. Also, in the past, women and blacks have often been temporarily attached to the labor force and therefore stood to gain a relatively small return from joining or supporting unions. Apparently these and other possible influences were prevalent during the 50's and 60's. However, by 1970 the coefficient associated with sex and race lost its negative significance.

Of course, the most important variable to this study is the RTW variable. Only the 1950 statistical tests on RTWs were significant with non-significance in 1960 and 1970. Therefore these results indicate that right-to-work laws are now significantly affecting the level of union organizing activity. (8) One explanation for the statistically significant results in 1950 relates to the possible labor market disequilibrium at that time. Since the Taft-Hartley Act was passed in 1947, it appears that union organizing activity shifted downward in the several years following. In the initial disequilibrium situation right-to-work laws may have indeed caused a reduction in the level of organizing activity. Hence, state right-to-work laws established a new steady state equilibrium for union organizing

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activity. Once this new equilibrium for union organizing activity was established in the late fifties, the rate of change in union organizing activity remained the same. Because of this, RTW laws would not show up as statistically significant in 1960 and 1970. (9)

V Summary and Conclusion

The purpose of this research was to test the relationship between the level of union organizing activity and the presence of right-to-work laws. An extensive model using fourteen independent variables was developed along with four union organizing dependent variables and a fifth composite index. A state right-to-work dummy variable was used in the analysis to test for the impact of RTW laws on organizing activities across the years 1950, 1960 and 1970.

The empirical conclusion is that RTW laws are not significantly affecting the level of union organizing activity. As indicated by the significant coefficient on the 1950 RTW dummy, these laws have caused an once-and-for-all decrease in union organizing activity. But this impact approached zero by 1960 since the RTW dummy became non-significant by that year. Thus, the impact of RTW laws diminished over time as union organizing efforts adjusted to a new lower equilibrium level of activity.

Therefore, these results indicate that RTW laws are not the cause of any union weaknesses. If unions are not as strong in RTW states, it is not because of the RTW law but is due instead to many other possible explanatory variables. The value of this finding lies in the support it gives to an effort to challenge the assertion that RTW laws are anti-union, and thereby depress the opportunities for union organizing. Therefore, efforts by employees to avoid compulsory unionism arrangements do nothing more than safeguard the citizen's right to accept and/or retain a job regardless of his decision with respect to supporting a labor organization.

FOOTNOTES

(1) Non-members of unions which have "agency shop" agreements may bear the costs of any benefits from union agreements. However, this is not to imply that agency fee payers bear the cost in proportion to any

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benefits they derive from union agreements. In fact, agency shop clauses require non-members, while remaining non-members, to pay the equivalent of dues, fees, and assessments at a proportion normally of 100% (or some only symbolic reduction of 2-3%) without regard to the putative benefits conferred on anyone by a union contract.

(2) A recent analysis of the "free rider" problem by Brubaker (1975) suggests that social pressures such as group exclusion could carry sufficient "costs" to induce a worker to reveal his true preferences and thus reduce strategic behavior.

(3) At the same time, a great number of businessmen (the larger the company the more likely the generalization holds) probably do not actively attempt to secure RTW laws. Many businesses agree to "union security" in negotiations because they don't perceive such a clause as "costing" them anything and hence as a good "chip" in exchange for a mitigation of some solid economic demand. Other businessmen perceive the security issue as a way of encouraging a single strong union which they feel is procedurally easier to deal with.

(4) An interesting study might be to monitor union membership in Louisiana which, though a Southern state and hence influenced by other factors, recently enacted RTW after several decades of compulsory unionism.

(5) Economic efficiency refers to maximizing output given limited resources in such a way as to maximize the satisfaction to society. In this case, economic efficiency would occur where the marginal cost of labor is equal to its marginal product. Galloway's point is that if open shops keep free exchange of the labor resources from occurring, then the marginal cost of labor will not equal the marginal product in real terms and thus the economic efficiency of the unionized sector will be reduced.

(6) However, simultaneous equation bias may have caused errors in the Ordinary Least Squares (OLS) estimates since the degree of unionization in a state may affect the passage of RTW laws. Since the causation between the degree of unionization and RTW laws may run in both directions, the OLS estimators are likely to be biased and inconsistent. To handle this problem Moore and Newman used a Two Stage Least Squares (TSLS) model and found that the coefficient on the RTW variable was reduced markedly and became insignificant. The increase in 1970 membership in the absence of RTW would be 55,675 according to TSLS, rather than the OLS estimate of 716,412.

(7) COPE is only one of such rating organizations. Other possible political indices would include the Americans for Democratic Action (ADA), the National Association of Businessmen (NAB), and the Americans for Constitutional Action (ACA). However, COPE was selected since it explicitly rates congressmen and senators according to their pro-union stance.

(8) In 1950, the RTW coefficient was significant for the petitions, elections held, and the elections won dependent variables. Votes cast for union were not affected nor was the composite activity index.

(9) Additional regressions were completed using first differences on both the dependent and independent variables. Once again significance

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on State RTW was only found in the case of 1950-1960 which tends to substantiate the adjustment argument given.

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BOOK REVIEWS

ROBERT L. SCHUETTINGER and EAMONN F. BUTLER
Forty Centuries of Wage and Price Controls: How **Not** *to Fight Inflation*
The Heritage Foundation, Washington, D.C., 1979

According to all the public opinion polls, inflation is regarded by many people as by far the most important problem facing the western world today.

A substantial majority of those polled have stated that they favor wage and price controls as a means of controlling the inflation, which recently passed the double-digit level in the U.S.A. Many economists believe that the U.S. Administration's voluntary controls program will soon become mandatory. But will mandatory controls work?

The co-authors of this book – which is both a history of government economic regulation and a history of inflation – have examined over 100 cases of wage and price controls spanning over 30 countries on six continents. They conclude that while in some cases controls have succeeded in dealing with the effects of inflation *for a short period*, they have never been successful in the long run, since they fail to face up to the real cause of inflation which is an increase in the quantity of money over and above an increase in productivity.

Wage and price controls, they argue, have long been popular with governments, since they tend to keep the economy moving and subsidize government overspending. In fact, inflation is useful to government as a form of concealed taxation.

KARL H. CERNY (ed.)
Germany at the Polls: The Bundestag Election of 1976
American Enterprise Institute for Public Policy Research, 1979

West Germany has entered a new era of extremely close elections, according to this study published today by the American Enterprise Institute for Public Policy Research. In

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effect a two-party system operates, in the sense that two relatively stable party coalitions now compete in the German elections.

Seven German and three American scholar focus on the evolution of the political party system in West Germany from the first post-war elections of 1949 to the present, finding this to be far more stable than the multi-party system of the disastrous Weimar Republic that followed World War I.

A coalition of the Social Democratic Party (SPD) and Free Democratic Party (FDP) ended 20 years of rule by the Christian Democratic Union/Christian Social Union (CDU/CSU) in the election of 1969 and increased its margin in the election of 1972. The results of the 1972 election led some commentators to speculate that West Germany was entering an era of socialist dominance akin to the long Social Democratic rule in the Scandinavian countries, but no such certainty now exists because in 1976 the CDU/CSU was able to reverse the trend of losing middle-class voters to the socialists while at the same time making inroads into the heavily urban metropolitan areas held by the SPD and FDP. The ruling coalition held a slim 10-vote margin in the Bundestag after the election, as the CDU/CSU representation rose to 243 while the SPD dropped to 214 and the FDP to 39.

Although nationalist views still appear to be current among a significant proportion of educated youth, the post Military Government legal, economic and educational structure prevent the growth of effective rightist parties and only three parties, the CDU/CSU, the SPD and the FDP have any serious prospects of gaining votes support. For the present time it appears that German politics will therefore continue to conform to the British and American type party political system.

CARL E. BEIGIE
Inflation Is a Social Malady
British-North American Committee, 1979

Despite confident assurances by various government officials to the contrary, as of the present there are few clear signs of sustained progress toward a return of balanced conditions in

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the world economy. Unemployment remains high and is still climbing in many countries. Inflation rates have subsided from their earlier peaks, but price rises, especially in the United States, have again become a serious policy concern. Government deficits are at exceptionally high levels, and very large imbalances continue to be a characteristic of the international payments positions of key nations. This environment fosters widespread anxiety, frustration, and defeatism.

There are ways out of the current common economic predicament according to Carl Beigie. Pragmatic policy responses, however, must be tailored to the specific problems and circumstances facing individual nations.

Designing a Strategy: Clear Lessons from the Recent Past

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